

UNIVERSITY OF TORONTO



3 1761 01626716 3

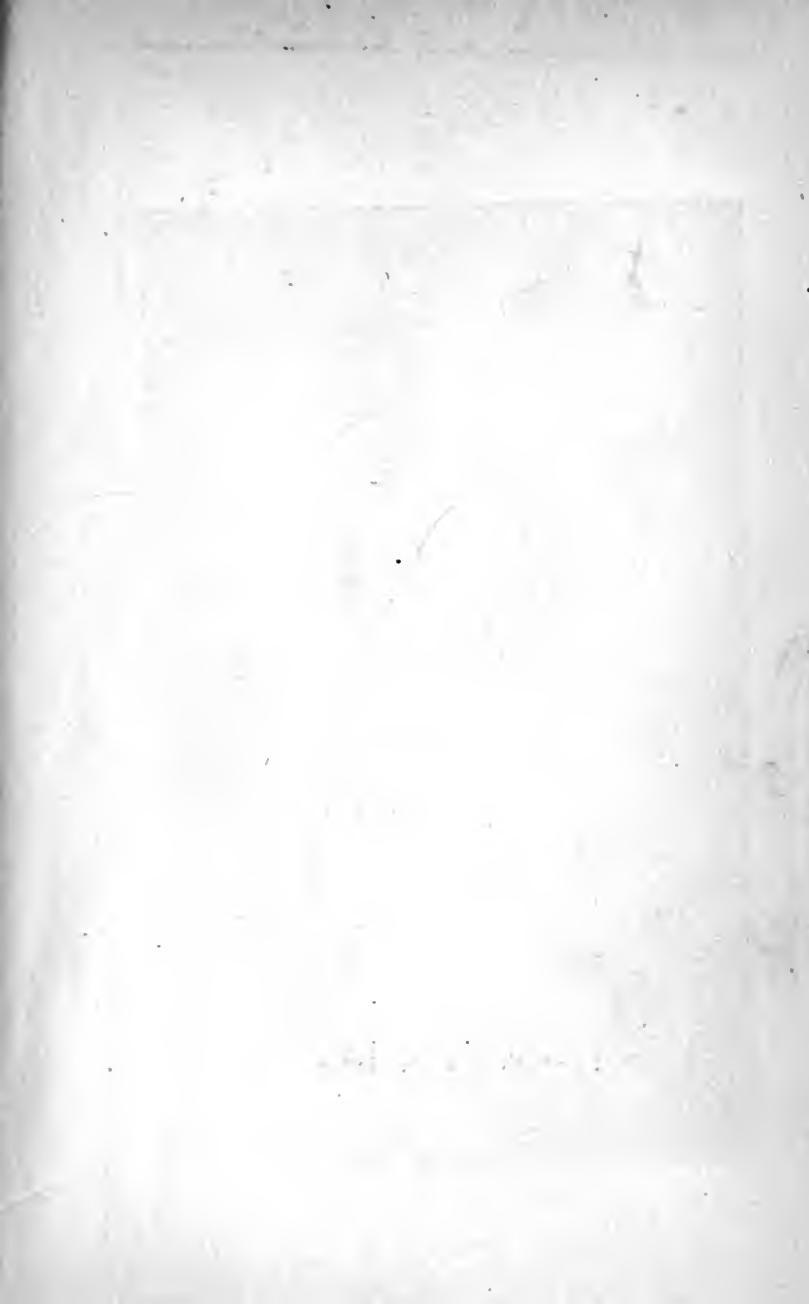
THE  
MURCHIES  
AND  
SORY

W. SHIELDS ROSE



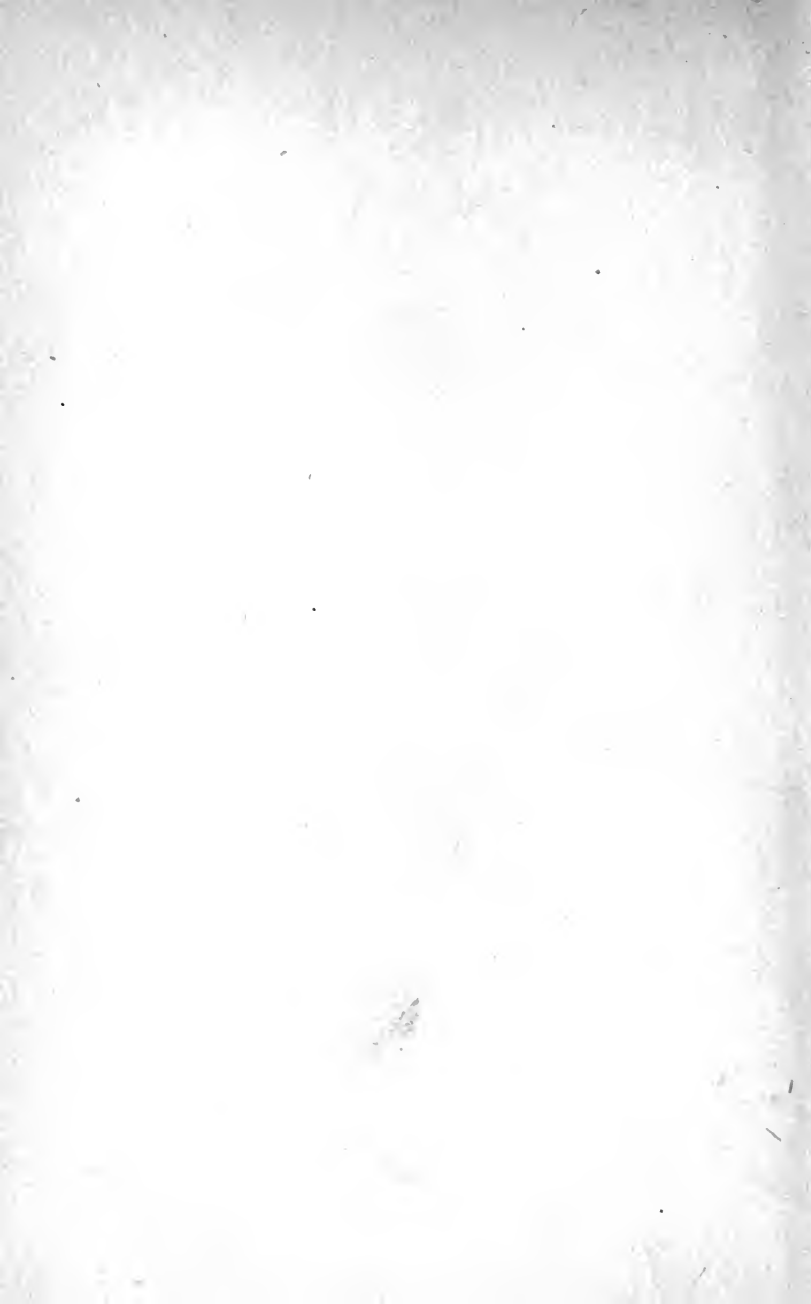
Presented to  
**The Library**  
of the  
**University of Toronto**  
by

*Professor W.S. Milner*



Digitized by the Internet Archive  
in 2007 with funding from  
Microsoft Corporation

THE CHURCHES AND USURY  
OR  
THE MORALITY OF FIVE PER CENT.



LC  
R7963c

# THE CHURCHES AND USURY

OR

The Morality of Five per Cent.

BY

H. SHIELDS ROSE



259296  
18.9.31

LONDON

T. SEALEY CLARK & Co., Ltd.

1, RACQUET COURT, FLEET STREET, E.C.





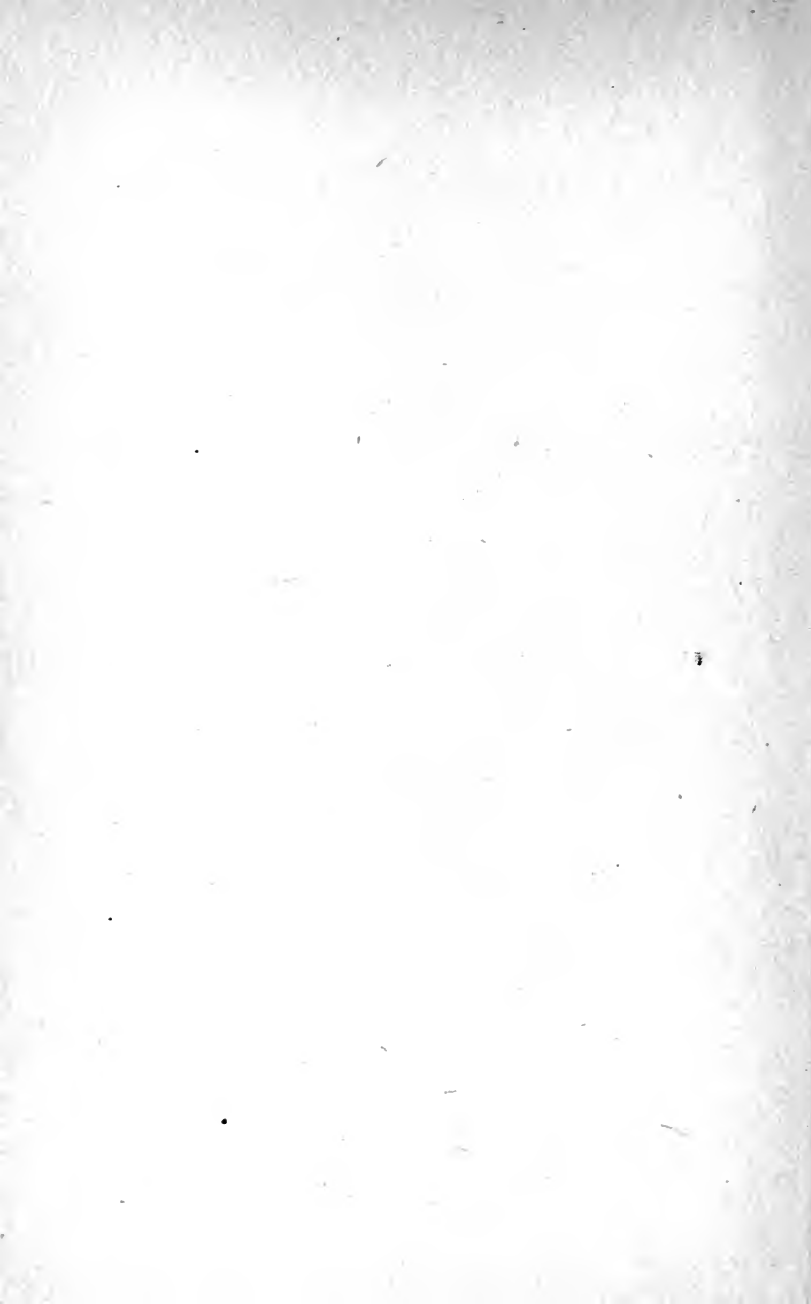
Man is born with his hands clenched ; he dies with his hands wide open. Entering life, he desires to grasp everything ; leaving the world, all that he possessed has slipped away.—*The Talmud*.



# CONTENTS

---

CHAPTER	PAGE
I. INTRODUCTORY. DEFINITION OF USURY -	9
II. THE BIBLE AND USURY - - - -	17
III. PAGAN PHILOSOPHERS AND CHRISTIAN FATHERS	25
IV. USURY IN ENGLAND - - - - -	32
V. CHURCHES AS USURERS - - - - -	39
VI. PERIODS OF TRANSITION - - - - -	57
VII. THEORIES PARTLY ABANDONED - - -	62
VIII. ARGUMENT AS TO NATURAL INCREASE - -	70
IX. ADDED VALUES FROM PRODUCTION AND EX- CHANGE - - - - -	78
X. DISGUISED INTEREST - - - - -	84
XI. THE ETHICAL VIEW - - - - -	95
XII. MUTUALITY OF ADVANTAGE - - - -	105
XIII. VICTORY OVER ONE'S NEIGHBOUR - - -	111
XIV. ALLEVIATIONS AND REMEDIES - - -	120
XV. FINAL WORDS - - - - -	130
THE LIVING WAGE - - - - -	141



# THE CHURCHES AND USURY;

## OR THE

### MORALITY OF FIVE PER CENT.

---

#### CHAPTER I.

#### INTRODUCTORY.—DEFINITION OF USURY.

Make for thyself a definition or description of the thing which is presented to thee, so as to see distinctly what kind of a thing it is, in its substance, in its nudity, in its complete entirety, and tell thyself its proper name, and the names of the things of which it has been compounded, and into which it will be resolved. For nothing is so productive of elevation of mind as to be able to examine methodically and truly every object which is presented to thee in life, and always to look at things so as to see at the same time what kind of universe this is, and what kind of use everything performs in it, and what value everything has with reference to the whole, and what with reference to man, who is a citizen of the highest city, of which all other cities are like families; what each thing is, and of what it is composed, and how long it is the nature of this thing to endure.—*Marcus Aurelius Antoninus*.

Good and bad results cannot be accidental, but must be necessary consequences of the constitution of things, and it is the business of moral science to deduce from the laws of life and the conditions of existence what kinds of actions necessarily tend to produce happiness and what kinds to produce unhappiness.—*Herbert Spencer*.

SOME time ago, in a leading evening newspaper, I saw a paragraph headed, "The Magic of Figures." The writer stated that if in the first year of the

Christian era a coin equal to an English penny had been invested at compound interest at five per cent., it would have amounted, by this time, to a sum represented not by seven figures, not by the symbol for a mere million, but by many more than seven—a sum so great that it would require thirty-nine figures to express it.

The writer went on to point out that, if we took the population of the world to be 1,483,000,000 souls, the immense amount to which the penny would by this time have grown would have afforded an income in every second of time to every man, woman and child in the world which could only be expressed by twenty-one figures—in other words, that we should all have been multi-millionaires.

Truly, it was an overpowering picture. What a hint it gave of the state of society that to the modern mind would indeed be beatific! As I read the paragraph, in which the writer betrayed no glimmering of consciousness that without labour on the part of somebody not even the smallest fraction of this immense income could arise, I really wondered why the calculation was made from the beginning of the Christian era. If it had been made from, say, the Fall of Man the figures would have worked out to an even more startling result—and the date would have been much more appropriate.

Well, I suppose that to most of us the prospect of the realisation of any vision such as this is still far off. We must go on suffering from the neglect of our remote ancestors in not investing that penny, or rather its then equivalent, at the right time and in the right way. But there are some of us who in recent days have, I fear, been doing their best to make up for the past neglect. And—since we have started on our inquiry with the Christian era—I am going to consider how far the Churches have been helping us to get into this particular heaven, or hindering us from seeking to enter. It may also be necessary to consider whether it is indeed a heaven at all, and not a very real sort of hell.

To my mind there is nothing more curious and significant in the history of the Christian Churches than has been their teaching and practice in relation to usury. And here, before I glance at the subject in its historical aspect, let me say precisely what it is that I mean by the term usury. I use the term in its fullest, widest, most accurate, and, at the same time, most ancient sense, to denote any sort of personal and individual payment for money or goods lent apart from any consideration of present labour by the recipient but simply as a return for the use of that which is lent.

In modern times the habit has grown of drawing

a distinction between loans at usury and loans at interest. It is a distinction which has, however, neither an orthographical nor an ethical basis. A transaction at usury may denote that the lender expects a reward for the use of that which he lends. A transaction at interest may denote that the lender is interested in, or a party to, the concern from which the gain is expected to be made. There may be a difference in the form of the transactions and in the degree of risk, but in both cases there is the expectation of payment for the loan, and in neither case is there the exertion of present labour on the part of the lender. Hence it is strictly correct to apply the term usury to both transactions.

Though it is anticipating the historical part of the subject I may observe that the carelessly drawn and vague distinction which has been made in recent days between usury and interest is not scientific; and is responsible for much loose thinking on the subject of our inquiry. But it is not difficult to see how the habit of making the distinction has come about. It has arisen from various conditions which affect the popular perception of the oppressive results of predatory lending.

It will be my business to show that all lending for increase is anti-social and oppressive. But the degree of oppression is not in all cases in its true



extent obvious. Some forms of lending which actually are most oppressive, are less obviously oppressive than other forms which oppress in only a minor degree. Their precise operation is obscured by the complications of our modern commercial and industrial system.

In former times when lending transactions rested on a very simple basis the effects of usury were easy to recognise. Their anti-social character was known to all thoughtful men. Hence the peculiar significance which the word usury acquired. It became a synonym for oppression in business relations. So it remains to this day. But the conditions of modern life are such that countless transactions which are in their nature usurious are not popularly recognised to be such.

The sophistries of certain schools of political economy have helped to increase the obscurity which has secured acceptance for the now customary but false and deceptive distinction between usury and interest. So far, however, as the element of oppression is recognised, so far as it is seen that certain forms of lending are anti-social, we readily enough apply the term usury to them. If a lender guards himself absolutely against risk, both as to his principal and the proposed increase, by requiring the deposit of securities which are more than equivalent

to the value of the loan our present practice will sanction the application of the word usury to describe the transaction. Whether the payment for the use is large or small—100 per cent. or  $2\frac{1}{2}$  per cent.—we still apply the term usury because, no risk having been undertaken by the lender, we suspect, if we do not always really perceive, that there is something one-sided in the operation.

Again, there are cases in which, owing to the absence of security or of adequate security, there may admittedly be risk on the part of the lender. Yet because it is easy to trace oppression—it may be some obvious and horrible grinding of the faces of the poor, or inconsiderate readiness of the lender to take advantage of a failure on the part of the borrower to comply with the conditions—we say that it is a usurious transaction. The rate of interest may be low, though in most cases of this kind it is not low; yet, simply because oppression is apparent, we cry “Usury” and thus stigmatise the lender.

Many shareholding transactions are in reality of the last-named category. But usurious shareholding is a complicated business in comparison with simple money-lending on good security for increase. The oppression to which it gives rise is not obvious at all to the great majority of people. From this cause it is very rare that the term usury is applied to trans-

actions of this kind. Strictly speaking, however, there is no justification for not applying it. As regards the element of oppression, which is taken to justify the distinction between transactions at usury and transactions at interest, it should not for a moment be inferred that a shareholding transaction is in the very nature of the case less oppressive than a simple money-lending transaction for increase. The consciousness which a mere shareholder has that his dividend is uncertain or liable to fluctuation and that even his capital is risked leads him, sometimes, at any rate, to play strange pranks before high Heaven—to be even more oppressive than the money-lender who knows that his interests are guarded by the deposit of a security which is adequate, and that practically it is in his power to close the transaction at any time. The accounts which we have had in recent years of Congo atrocities need only be cited by way of illustration.

The question of risk of loss in the various transactions is a question of detail—important detail, but still detail—which we shall in due time discuss, as is also—in those cases in which superintendence is exercised—the question of wages for the labour of superintendence. But I cannot here anticipate what I shall have to say on these and other features of the problem.

So far as the immediate question of definition is concerned, what we have to keep in view is that both in simple money-lending on security and in shareholding investments there is, in general, the aim with the lender or investor to obtain payment for the use of that which is lent or invested apart from any consideration of present labour of his own; in other words, to use the fruits of past labour in order to escape from labour and to live on the labour of somebody else, and that this is of the very essence of usury.

Perhaps it is not without an underlying consciousness of the essential likeness between usury as now popularly understood and the investments which, like those in public companies, we do not now habitually speak of as usury that the reward in both cases goes by the same name and is spoken of as interest.

Having now indicated with sufficient clearness what I mean by usury I am free to proceed with the historical part of our subject.

## CHAPTER II.

### THE BIBLE AND USURY.

Did not the Seer see indeed?  
Did not the Christ-voice tell  
That having each one little life  
We needs must live it well?  
With simple measurement of good  
That reckons not by time,  
But deems life-worthy each firm step  
Of man's progressive climb?  
—*Louise S. Guggenberger.*

Religion ought to direct society towards the great end of ameliorating, as rapidly as possible, the condition of the numerous and least wealthy class.—*St. Simon.*

It is not my purpose to review the whole history of usury in detail. I am fully conscious that unless we can base our conclusions respecting usury on other grounds than those of an appeal to the authority of old Hebrew prophets, of great pagan teachers, and of the Fathers of the Christian Church we shall not do much to secure intellectual conviction in these days of independent thought. It must be apparent, however, that where for some thousands of years of the life of the world the greatest teachers and law-givers who have considered a particular question have uniformly come to a particular conclusion there is at

least reason for serious doubt whether, after all, we are right in approving opinions and adopting practices at variance with their teaching. Wise, supremely wise, as we believe ourselves to be, there is just a possibility that we may be wrong. If but from the point of view of determining what it was that the men of olden time really taught in this matter a brief historical retrospect at least is desirable.

In days past the voices of priests, prophets, and teachers were emphatic on this question of usury. What the Old Testament teaching was we most of us know. The Hebrew word for usury is in itself sufficiently expressive of the point of view of the ancient writers. It signifies "biting"—a word much more truly descriptive of the transaction to which it applies than is our modern word interest. Let us look at the Old Testament references.

If thou lend to any of my people that is poor by thee, thou shalt not be to him as an usurer, neither shalt thou lay upon him usury. Exod. xxii. 25.

And if thy brother be waxen poor, and fallen in decay with thee; then thou shalt relieve him: yea, though he be a stranger, or a sojourner; that he may live with thee. Take thou no usury of him, or increase. Lev. xxv. 35-36.

Thou shalt not lend upon usury to thy brother, usury of money, usury of victuals, usury of anything that is lent upon usury. Unto a stranger thou mayest lend upon usury; but unto thy brother thou mayest not lend upon usury. Deut. xxiii. 19-20.

I rebuked the nobles, and the rulers, and said unto

them, "Ye exact usury, every one of his brother." And I set a great assembly against them. Neh. v. 7.

I pray you leave off this usury. Restore, I pray you, to them, even this day, their lands, their vineyards, their olive yards, and their houses, also the hundredth part of the money,\* and of the corn, the wine, and the oil, that ye exact of them. Neh. v. 10-11.

Lord, who shall abide in thy tabernacle? . . . He that putteth not out his money to usury. Ps. xv. 1, 5.

He that by usury and unjust gain increaseth his substance, he shall gather it for him that *will* pity the poor. Prov. xxviii. 8.

Woe is me, my mother, that thou hast borne me, a man of strife and a man of contention to the whole earth! I have neither lent on usury, nor have men lent to me on usury; yet every one of them doth curse me. Jer. xv. 10.

He that hath not given forth upon usury, neither hath taken any increase, that hath withdrawn his hand from iniquity, hath executed true judgment between man and man, hath walked in my statutes, and hath kept my judgments, to deal truly; he is just, he shall surely live, saith the Lord God. Ezek. xviii. 8-9.

If he hath given forth upon usury, and hath taken increase; shall he then live? he shall not live. Ezek. xviii. 13.

Thou hast taken usury and increase, and thou hast greedily gained of thy neighbours by extortion, and hast forgotten me, saith the Lord God. Behold, therefore, I have smitten mine hand at thy dishonest gain which thou hast made. Ezek. xxii. 12-13.

There are one or two other passages of like purport. But those which are quoted above are more than sufficient to show what was the Hebrew teaching

\* One per cent. of interest, reckoned, as one authority informs me, for periods of a month.

on usury. And we must bear in mind that they do not relate to one particular period in Hebrew life. They range over a period of not less than one thousand years, and, therefore, are sufficiently indicative of continuity of opinion and policy.

Rather strangely some people who have collated the various Old Testament utterances on this subject have concluded that the Hebrew law did not prohibit usury absolutely—that it did no more than prohibit the imposition of rigorous terms for the loan of money or goods, and the exaction of those terms without respect to the condition of the borrower—without it being considered whether poverty occasioned his borrowing or whether there was a visible prospect of gain by employing the borrowed money or goods, or whether in the result the borrower really gained or lost. Cruden, for example, on a review of the various passages, favours this interpretation and makes the general statement, “This law in the strictness of it seems to have been peculiar to the Jewish state; but in the equity of it, it obligeth us to show mercy to those we have advantage against, and to be content to share with those we lend to in loss as well as profit, if Providence cross them.” Even this as an ideal would sternly rebuke modern practice. But, in my opinion, this is an unduly limited interpretation of the Hebrew law.



It is clear from the language of the law-givers and prophets that it is usury in general which they condemned, and equally is it clear that by usury they meant the exaction of anything of the nature of increase where a loan was made. That in their denunciations they so frequently referred more particularly to the oppression of the poor and needy was but natural, for where a practice is in itself evil and oppressive the weakest are those who must suffer from it most, and who, therefore, most require protection.

Nor is it, in my opinion, to be supposed that these old law-givers and prophets gave an implicit sanction to the principle of usury inasmuch as in the Mosaic pronouncement on the subject there is a permission to lend to the stranger. The Mosaic Law was accommodated, as all wise law must be, to the condition of the people to whom it applied; hindering them in their evil courses and aiding them in their advancement, pointing to an ideal yet not enforcing more than was compatible with present conditions. "Moses, because of the hardness of your hearts, suffered you to put away your wives," said Jesus. We can well imagine that he might have said also, "Moses, because of the hardness of your hearts, suffered you to take usury from a stranger." But the ideal that underlies the law is clear. And since under the Christian dispensation it is required of us

to regard all men as brethren, since now there is neither Jew nor Gentile, even if we believed that under the Mosaic law the sanction to lend to a stranger was explicit, we yet should be bound to recognise that the higher rule which applied to the children of Israel in their relations towards one another must be considered now to apply to men universally. Spiritually it has always applied universally.

When we contemplate modern society in its practical aspects it is not pleasant to reflect on the fact that we have destroyed even the Mosaic limitation—that in practice we treat it as lawful to lend for interest under all conditions—to our own children, brothers, and friends, not to speak of the people of our nation, and are not deterred from the taking of interest by any view which we may have of the absolute quality of the security or of the efficacy of the object towards which the loan is devoted. Occasionally we hear a sarcastic reference to philanthropy at five per cent. But I have never heard of the five per cent. being refused by a lender because the object was philanthropic.

Jesus, the preacher of the Beatitudes, was not behind Moses and the Old Testament prophets in his teaching on usury. I am quite aware that one of the Parables is often cited to the contrary—the Parable of the Talents—the Parable which tells of

the man who entrusted talents to his servants, and then travelled into a far country and looked for increase on his return. I cannot but express surprise that it should ever have been supposed that this Parable sanctions usury in any way.

It was the practice of Jesus, as of all great teachers, to draw his illustrations from the life and habits of his day. It is probable that in his time usury was common. And in enforcing the doctrine of the duty of making the utmost use of our spiritual faculties it was natural that he should find an object lesson in commercial dealings which must have been familiar to his hearers. Those who think that approval of usury was meant to be expressed should especially note the words: "I knew thee that thou art an *hard man, reaping where thou hast not sown and gathering where thou hast not strawed.*" If any persons think that Jesus meant to commend the employer to our admiration in this respect I must leave them in their literalism. My arguments are not for them.

In a paper which I wrote some years ago on the subject of "The Living Wage,"\* I give an exposition of another Parable, that of "The Lord of the Vineyard." I there indicate what I believe to be the true position of Jesus as a political economist. It will very much surprise me if any

\* Reproduced at the end of this volume.

person will study the Parables of the Talents and of the Lord of the Vineyard together, and then hold that the teacher who, in the Parable of the Lord of the Vineyard, enjoined the supremely social doctrine of payment according to the need of the worker and of the power of the employer, could have meant in the Parable of the Talents to sanction a practice so anti-social as usury.

But, indeed, Jesus left his followers in no doubt as to what his views upon usury really were. He came not to destroy but to fulfil the law, and if we wish to know what he held to be the law we have but to note the words in Luke vi. 34-35. The old law-makers as we have seen had opposed usury, but, some of them at least, as a concession to the hardness of heart of their people, had permitted it where the borrower was a stranger, and perchance an enemy or potential enemy. Jesus saw the moral inconsistency and practical danger of permissions of this sort. How then did he restate the law? "If ye lend to them of whom ye hope to receive, what thank have ye? for sinners also lend to sinners to receive as much again. But love ye your enemies, and do good and lend"—*i.e.* find your return in the consciousness of promoting some worthy object or of being of human service—"do good and lend, hoping for nothing again, and your reward shall be great, and ye shall be the Children of the Highest."

### CHAPTER III.

## PAGAN PHILOSOPHERS AND CHRISTIAN FATHERS.

It is not given to any one to reach the confines of science, and philosophers mount on each other's shoulders to explore a more and more extended horizon.—*J. B. Say.*

Keep ye the Law—be swift in all obedience—  
Clear the land of evil, drive the road and bridge the ford ;  
    Make ye sure to each his own,  
    That he reap where he hath sown ;  
By the peace among our peoples, let men know we serve  
    the Lord.

—*Rudyard Kipling.*

THE philosophers and law-givers of Ancient Greece and Rome were not less decided in their opposition to usury than the Hebrew prophets had been. And, needless to say, the Christian Fathers were faithful to the old Hebrew teaching and to that of the Founder of their Church.

Aristotle, Plato, Cato, Virgil, Seneca, and Plutarch may be cited as amongst the moralists of Greece and Rome who condemned usury. "It is optional," said Aristotle, "to every person to acquire gain by fruit or animals, but the mode of reaping money by money is justly to be reprehended as being inconsistent with Nature." Aristotle thus expressed the truth of the

matter. The doctrine that he laid down was often repeated afterwards, though, it is true, there is a naïve simplicity in the form of his utterance which has been the occasion of ridicule.

The modern economists come along, and with an air of very superior wisdom try to convict Aristotle of ignorance of a very elementary fact in economics, viz., that money is merely a medium of exchange and symbol of values. They tell us that when we speak of money we are to think of money's worth. "True," they say, "money in itself is barren; it needed no Aristotle to teach us that if we plant a sovereign in the earth no amount of watering and tending will make it become two sovereigns. But if we operate with money's worth the case at once becomes altered."

I wonder at the boldness of these men who thus view the teachings of the intellectual giants of the past through a sort of concave lens and seek to assure us that they are the works of pigmies. It is perfectly true that money is not in itself productive, but that if we operate with money's worth we may, and probably will, have increase. Observe, however, there is the necessity to operate. And in this inquiry a great deal turns on the question of who it is that operates, and on the precise nature of the claims of a man who comes into the transaction, exacts a

substantial pecuniary benefit from the results—perhaps the larger share of the benefit—yet does not himself operate at all in any true sense of the term. I must not anticipate what I have to say on these scientific aspects of the question. But to suggest that they were not present to the mind of Aristotle, and to the minds of the numerous succeeding teachers who repeated in almost identical terms his statement as to the inherent barrenness of money, is I think extremely foolish.

I need not further dwell, however, on this. Continuing my historical survey, I find that in Tacitus it is related that the statesmen of the Roman Empire whilst the Empire was still in noble vigour, and manners were pure and uncorrupted, made laws to repress the mischief of usury. By a law of the Twelve Tables the payment of increase was reduced to one per cent., and more was declared illegal. In process of time a new regulation, proposed by the Tribunes, lowered it to one-half per cent., and next it was abolished altogether, and for a long period was declared illegal under all conditions. Those indeed were “the brave days of old.” They were the days in which

The great man helped the poor man  
And the poor man loved the great.

The time had not yet come when it could be said

that Roman was to Roman "more hateful than a foe."

Cicero mentions that Cato on being questioned as to what he thought of usury made no other answer than to ask the questioner what he thought of murder? Even in the time of the late Roman Empire the struggle against the evil was kept up. Justinian fixed the rate of interest at six per cent., excepting for mercantile loans, in which the rate permitted was eight per cent. But even when usury came to be authorised by Roman law under certain restrictions it was still looked upon by moralists as a pernicious crime.

With respect to the early Christian Church, we have it on the authority of Gibbon that even the most simple interest was condemned by the clergy of the East and the West. The Fathers were unanimous: Cyprian, Lactantius, Basil, Chrysostom, Gregory of Nyssa, Ambrose, Jerome, and Augustine. Amongst these Jerome may be considered to have summed up the then teaching the most pithily when he said: "Some persons imagine that usury obtains only in money, but the Scriptures, foreseeing this, have exploded every increase, *so that you cannot receive more than you gave*"—really another way of expressing what Aristotle intended, but much less open to misinterpretation; the under-



lying thought in both cases being that increase should go to the man who by his work produces it.

Dante, who may almost be said to have been a link between the early Christian teachers and their successors in modern times, was quite of Aristotle's view. He places the usurers in the seventh circle of hell, for what—following the lead of Aristotle—he describes as the unnatural offence of making money produce money.

I shall want soon to speak of the history of usury in our own country, but it may be convenient that I should first complete so far as I am able to do so the branch of the subject in which the Roman Catholic Church is considered. I must also at the same time mention the continental Protestant view.

Strange to say, it is Calvin who is represented as having been the first amongst prominent Christian teachers to express himself more or less apologetically on usury. I am not convinced from any quotation from his writings which I have met with that he really approved it, but there seems to be ground for accepting a statement of Bossuet that Calvin was the first theologian who propounded the modern distinction between interest and usury in such a way as to make the one appear legitimate and the other not.

Calvin's famous contemporary, Martin Luther, however, uncompromising in most things, was

especially so in this matter of usury. In his own expressive way he said, "There is on earth no greater enemy, after the devil, than a gripe-money or usurer, for he wants to be God over all men." And, speaking of usurers, he also said, "Little thieves are put in the stocks; great thieves go flaunting in gold and silk."

The Roman Catholic Church at this time, and for long after, remained faithful to the long established view. As late as 1745 Pope Benedict XIV., in an encyclical letter to the Italian bishops, condemned the doctrine that interest might be taken merely on the ground of loan, however low the rate of interest, and even though the borrower might be rich and have profited by using the money in trade. That is a position which in these days seems very difficult to understand. But perhaps before my present task is completed it will be at least understandable, if not also acceptable.

Unhappily, Pope Benedict XIV. left various details of the problem of usury unsettled. And it must be considered to have been a sign of weakening belief in his own doctrines or of lack of fidelity to his own principles that he even allowed certain writings to be dedicated to him in which the growing acceptance of a distinction between lending at usury and lending at interest was favoured.

From this time the process of change in opinion in the Roman Catholic became rapid, and, as we shall see, it synchronised with a similar change in the Anglican Church in this country. In 1830 the congregation of the Holy Office with the approval of Pius VIII. came to what I must call a very politic and diplomatic decision—though I cannot say that I use those terms in a complimentary sense. They decided that those persons who regarded the fact that the Civil Law fixed a certain rate of interest as in itself a sufficient reason for taking interest were “not to be disturbed.” Thus the Church, without recalling one word of all its previous condemnations, not only declined conflict with the Civil Law, but allowed the civil law-maker to determine practice in a most important department of morals and conduct!

The Holy See to-day is still in the position of giving no positive decision that usury is right. How can it give such a decision in face of its past teaching and the truth of the matter? But the principle that those who act in accordance with the Civil Law are “not to be disturbed” is now the accepted principle of action throughout the Church. And even the clergy in this matter themselves accept the ruling of the civil power! They take and they give interest as suits them.

## CHAPTER IV.

### USURY IN ENGLAND.

All the old abuses in society, universal and particular, all unjust accumulations of property and power, are avenged in the same manner. Fear is an instructor of great sagacity, and the herald of all revolutions. One thing he teaches, that there is rottenness where he appears. He is a carrion crow, and though you see not well what he hovers for, there is death somewhere. Our property is timid, our laws are timid, our cultivated classes are timid. Fear for ages has boded, and mowed, and gibbered over government and property. That obscene bird is not there for nothing. He indicates great wrongs that must be revised.—*Ralph Waldo Emerson.*

THE history of usury in England has been in most respects parallel with that of usury in Europe at large. For a long time usury was forbidden by the State as well as the Church. Jews were the only persons who systematically practised usury, and thus it came about that often they were persecuted and even banished. The disposition of the law-makers always was to antagonise usury, until, unhappily, the State itself got into the clutches of the usurers, when naturally the laws came to be made from the usurers' point of view.

As early as 1341, the time of the third Edward,

usury was prohibited by the English Parliament. But the nation went through periods of stress and strain in which the difficulty of withstanding the usurer was great. Prohibition gradually gave place to regulation. In 1545—in the reign of Henry VIII.—the maximum rate of interest was fixed at ten per cent. The offence of lending at more than ten per cent. was punishable by Civil Law. So far as law is supposed to rest on morals it might seem that the implication of the law was that any man might lend at ten per cent. and go to Heaven, but that he could not exceed that standard and save his soul alive. We must not draw any such inference, however. The law-makers acted in the spirit of men who sought to limit the effects of an admitted evil.

The Act of the time of Henry VIII. by which the maximum rate of interest was fixed at ten per cent. was repealed by Edward VI.; but it was re-enacted by Elizabeth. In the reign of James I. the maximum rate of interest was fixed at eight per cent. This measure, passed in 1623, is remarkable as the first legal enactment in which the word "interest" appeared. It was itself a mark of degeneracy when the serviceable fiction that usury means not the mere taking of interest but the taking of excessive interest came to be sanctioned in the law.

Of course, the word was in popular use before this

time. The reader will remember that in *The Merchant of Venice* Shylock remarks of Antonio :

He hates our sacred nation; and he rails,  
Even there where merchants most do congregate,  
On me, my bargains, and my well-won thrift,  
Which he calls interest.

It must not be supposed, however, that even yet the aim of the law-givers was to do more than regulate. As showing that they did not wish to be thought to give moral sanction to interest, and that they did not admit that usury below a certain percentage was moral and only usury above a certain percentage immoral, this passage in the Act of James I. (1623) is significant :

“Provided that no words in this statute contained shall be construed or expounded to allow the practice of usury in point of religion or conscience.”

The Commonwealth in 1651 reduced the legal rate of interest to six per cent. Then in 1713, by an Act of Queen Anne, it was reduced to five per cent. Finally, on the ground that the fixing of a legal maximum “acted in restraint of trade” the limitation was removed by the 17 and 18 Vict. c. 90 (1854). I say, “finally,” but, strictly speaking, it was not till 1887 that the last provision fixing a legal maximum of interest was removed from the Statute Book. This, however, was merely a local provision; it limited

the rate of interest in the East Indies to twelve per cent. We have had subsequent legislation—for instance the Money-lenders' Act, 1900—but as this legislation is not directed against usury in principle, but is merely intended to protect young or exceptionally ignorant, weak or foolish persons, it need not concern us here. Practically the Act of 17 and 18 Vict. was the final capitulation of the State to the usurer as regards the maintenance of a legal maximum rate of interest in this country.

The various Acts of Parliament which I have referred to may be said to have constituted the legislative landmarks in the history of this question in England. There was similar legislation in Scotland before the Act of Union, but I need not speak of that specifically.

What was the attitude of the Churches in this country all this while? To its honour be it said the voice of the Anglican Church was emphatic and clear for many centuries on this question. Not only was usury forbidden by the Canon Law, but at various times when the evils of usury were peculiarly manifest leading men in the Church preached or wrote against the practice. Some of the individual pronouncements are curious and interesting. I have before me lengthy quotations from bishops of the Church of England of the sixteenth century. I will

not give them in their entirety, but here is one from Bishop Jewell:

If I lend one hundred pounds, and for it covenant to receive one hundred and five pounds, or any other sum greater than was the sum I did lend, this is that, that we call usury; such a kind of bargaining as no good man or godly man ever used: such a kind of bargaining as all men that ever feared God's judgment, have always abhorred and condemned. It is filthy gains, and a work of darkness, it is a monster in nature; [these old bishops knew how to use picturesque language] the overthrow of mighty kingdoms; the destruction of flourishing states; the decay of great cities; the plagues of the world and the misery of the people. It is theft, it is the murdering of our brethren, it is the curse of God, and the curse of the people. This is usury, and by these signs and tokens ye shall know it.

Then we have Bishop Sandys: "By what means soever, thou receivest more than was lent thou art a usurer towards thy brother, and God will be a revenger against thee. . . . All reason and the very law of nature are against it: all nations at all times have condemned it, as the very bane and pestilence of a commonwealth."

"As for usury it is none other than theft," said Bishop Hooper. And with even more emphasis Bishop Pilkington said: "The usurer . . . speaketh courteously and dealeth cruelly: he defendeth his doings to be charitable, when he eateth up house,



lands and goods, turneth infants a-begging, and overturneth the whole kindred."

Such were the doctrines of not a few fathers of the Anglican Church, and there is not the least reason to suppose that they were not representative of the views then held by spiritual teachers. It may be well in passing to note that the definition of usury which Bishops Jewell and Sandys adopted—that usury is the taking of anything above what is lent—was precisely the view which Shakespeare, writing very nearly at the same time, must have taken. Shylock, in *The Merchant of Venice*, remarks to Antonio :

"Methought you said you neither lend nor borrow  
Upon advantage"—i.e., for interest.

And to this Antonio makes an affirmative reply. "I do never use it." In the contempt which Antonio expresses throughout for the usurious practices of Shylock, and in his proclamation of the anti-social nature of usury—especially in the comment in which Shakespeare on his part draws his argument from Aristotle—

When did friendship take  
A breed of barren metal of his friend—

we have an echo of mediæval thought on this question which can only properly be understood and

appreciated by keeping distinctly in view that the mere fact of taking increase at all was sufficient to constitute the transaction as usurious in the opinion of the teachers of those times.

In all that the Church had thus far done it had acted in the spirit of Christ's teaching. It had not in those days, so far as I am aware, boggled, as it has done since, over the Parable of the Talents. It had not found in that Parable the excuse which it has since imagined is to be found for usury. The bishops of those times saw clearly and felt rightly in relation to this subject. Their definite opposition to usury continued well into the eighteenth century, at which time also there was outside the Church of England a more powerful teacher than any in it, John Wesley, who admonished his followers to "suffer martyrdom rather than commit usury."

## CHAPTER V.

### CHURCHES AS USURERS.

What shall we do to-day  
To lessen the total strife?  
To forward the total life?  
To help the worlds on their way?

To live by the last learnt law is more than to praise or  
to pray.

—*Louise S. Guggenberger.*

Christ's lore, and His Apostles twelve,  
He preached, but first he followed it himself.

—*Chaucer.*

IN bringing my historical survey down to later times I need not stay long to point out how very far indeed our spiritual pastors, not less than our guides in political economy, have departed from the old traditions. Continental Socialists like Marx and Lasselle have directed much powerful reasoning against usury. Amongst us a few eminent laymen, John Ruskin very notably, William Morris, Edward Carpenter, and George Bernard Shaw, have condemned the practice not less emphatically and with even more effort to set forth the effects of the evil than any of their predecessors in this country had done. Mr. Ruskin so far acted on his principles as to devote to public, and in large measure beneficent uses, a sub-

stantial part of the income which by inheritance of a fortune from his father he received in interest. This was at any rate a step in the right direction, though less than absolute consistency required. William Morris as an employer of labour did all that he could to moderate the evils of the existing system. Mr. Carpenter, I understand, has acted as well as written in a similar way to Mr. Ruskin. My knowledge of Mr. Shaw extends only to his teaching. But these laymen have been as voices crying in the wilderness. And their appeals have had no echo in the Churches.

If in the history of Christianity there are many things which are glorious, there are many things which are sad. And of all the sad things the most sad is this: When we look at the teaching and practice of the Churches to-day, whether at home or abroad, in respect to usury, we find that they are in absolute contrast to the teaching and practice of all former times. Lo, the Churches now themselves are usurers! Churches and States, even where separated in other respects, are at least united in this. What church is there that does not now derive income from endowments or from investments for interest, or which not having them is not desiring them with fervent prayer?

As regards the Anglican Church the history of the subject is curious. It seems to illustrate the danger-

ous tendency which there is for a State Church to make itself the apologist of the State and to forego its high office as the State's teacher and exemplar. A booklet on *Usury and the English Bishops* was published in 1885. It was compiled by Mr. Robert Sillar, and had an introduction by Mr. Ruskin. This is my authority for one or two quotations which I am about to give. The opinion of Mr. Sillar, endorsed by Mr. Ruskin, certainly is that as the views of the State in this matter became more and more corrupt so did those of the bishops. By 1838 when the moneyed classes as distinct from the old landed aristocracy had obtained political power the change in the attitude of the bishops had become very marked. Archbishop Whateley taught openly, "The Israelites were forbidden in the law of *Moses* to lend to their brethren on usury, that is, interest. But they were allowed by *God's* law to receive interest on the loan of money lent to a stranger, and this shows that there can be nothing wrong in receiving interest." It is only necessary to refer to what I have said already as to the Old Testament teaching to be able to estimate the value of Archbishop Whateley's opinion on this matter.

The Bishop of Manchester, in 1880, said: "The great founder of Christianity recognises and implicitly sanctions the practice of lending money at

interest. ‘Thou oughtest,’ says the master addressing his unprofitable servant, ‘thou oughtest to have put my money to the exchangers and then at my coming I should have received mine own with usury.’ ”

I could display other gems of Episcopal wisdom the value of which I have discounted already in my references to the biblical passages on which they are based. It is unnecessary to do so. The present attitude of the Church can hardly be in dispute. Still I have one quotation from the Bishop of Rochester which I cannot refrain from giving. The utterance belongs to the early eighties and appears in a book named, as it seems to me, incongruously, *The Yoke of Christ*: “Money like every other talent is to be made the most of; and it is our duty to see that we do make the most of it. . . . But making the most of it does not necessarily mean the highest possible return for it; simply the highest interest, compatible with good security.”

“Simply the highest interest compatible with good security!” It would have been less unbecoming a bishop if he had said the highest interest compatible with what from his own point of view might be considered justice to those by whose labour the interest was produced. But “the highest interest compatible with good security!” The avarice and rapacity of

the average money-lender are shown not less in his care that the security shall be good than that the interest shall be high—in his fixed determination that whoever loses he at least shall gain. To whatever remnant of a conscience he possesses the doctrine of the Bishop of Rochester must indeed be soothing. After a perusal of *The Yoke of Christ* his breast must swell with a sense of his own benevolence when he sends a reply to an advertisement like this which appeared in the *Times* (Sept. 17, 1884), at the period when the bishop's book was going through a fresh edition. We may recognise it as typical of advertisements that are appearing frequently: —

Money.—Advertiser, in a manufacturing business, wishes to meet with a private person who can advance £40 immediately, for two weeks only. Security value £150 lodged with lender and £10 bonus given for the prompt loan.

The “highest interest compatible with good security” is here represented by an offer to pay 650 per cent., and to make a deposit equal to nearly four times the amount of the loan. We may say that the person who borrowed on such terms must be a fool, and that the person who lent on such terms must be a knave. Quite so. The illustration that I have given is an extreme one. I will do the memory of the bishop the justice to suppose that in practice his Grace would not have approved of such a develop-

ment of his teaching. Nor, indeed, would the conscience and good sense of the Churches approve of it. Yet such developments are inevitable from such teaching. The reports of Government inquiries and the records of the Law Courts show that actually they occur frequently.

A straining after "the highest interest compatible with good security" explains not a few of the worst evils of money-lending. And what of the case in which the security is not good? How must the doctrine of the bishop operate on the mind of the would-be money-lender in such a case? Not surely as a deterrent. Here in the bishop's words he finds the principle of lending at interest sanctioned; he finds it especially enjoined that it is his duty to make the most of his money "as of every other talent." If a case arises in which the security is doubtful, will that fact deter him from lending? Certainly not. Assured by the bishop that to lend at interest is right in itself he will at once say that if it is moral to lend for the highest interest which is obtainable where the security is good it is moral to lend for still higher interest where the security is not good—that if it is right to lend on interest at all it is only reasonable to establish a ratio between the interest and the nature of the security. It is precisely in this way that the money-lender does reason—if he is troubled with moral



scruples in relation to these matters at all. And the result is seen in transactions such as the following which was exposed not very long ago in the High Court of Justice, and was thus reported in the *Standard* (the names of the parties being, however, here omitted):

#### JUDGE ON MONEY-LENDERS' INTEREST.

The plaintiffs, ———, were registered money-lenders, and the defendant was a dyer of ostrich feathers. The plaintiffs claimed £28, the balance due on a promissory note of £70, made on December 12, 1906, and repayable by 35 weekly instalments commencing January 15 this year. As default had been made with an instalment, these proceedings were taken, but 10s. had since been paid, reducing the claim to £27 10s. The consideration for the promissory note was £12, the balance of an outstanding loan, £38 in cash, and £20 was added for interest. The plaintiff contended that the interest was excessive, and the bargain harsh and unconscionable under the Money-lenders' Act, and he claimed relief. This, he said, was one of a series of three transactions, and he asked to have the whole of them reviewed. The plaintiffs denied that the interest was excessive under the circumstances of the loan, or that the bargain came within the statute, and also claimed that the transaction should be treated as a separate one. The defendant, in the witness-box, stated that he had secured a partner, had now no liabilities, and his business was going on very well, and plaintiffs said that this showed what advantage the loan had been to him.

Mr. Justice Darling, in giving judgment, said that it had been decided by the House of Lords that in determining whether a bargain was harsh and unconscionable, regard might be had to the rate of interest, but that it was not conclusive. In this case, the terms of the whole loan

were such that if the plaintiffs were to succeed, they would receive back their principal and 154 per cent. interest, if it was taken as annual, but if one calculated the interest, having regard to the fact that the money became repayable weekly, and the principal was reduced week by week, then the loan was made to the defendant at the rate of 308 per cent. per annum. In view of all the circumstances of the case, he determined that the rate of interest was excessive. He thought it would be well if the Legislature could give some further guidance to the judges by fixing a maximum rate of interest. It might be a very difficult thing to do, and it might result in this : that some people might not be able to borrow money, because nobody would lend it to them on such terms as were fixed. But the Legislature might have regard to general, not particular, advantage, and it certainly would be an advantage if a maximum were fixed. He was convinced that many people did not realise what interest they were being charged, and if it were necessary to put plainly on a promissory note what the interest per annum was, in his opinion, people would not enter into these transactions which the courts were asked to set aside. If the interest in this case had been put on the note, he could not help thinking that the defendant, a substantial and upright man of business, would not have borrowed the money if he had an idea that he was being charged at the rate of 308 per cent. per annum. If it had been plainly stated, he thought also that the rate would have been lower. He hoped that legislation would be called for, and, no doubt, the question of maximum interest would then be considered. He held that the interest was excessive, the bargain harsh and unconscionable, and, therefore, judgment would be entered for the defendant, with costs on the High Court scale.

This is quite a typical case which speaks for itself. It may even be that in this case the money-lenders

did not think that the security was bad at all. According to the judge the borrower was a "substantial and upright man." This being so the lenders may literally have been acting on the principle laid down by the Bishop of Rochester, and have been making "the highest interest compatible with good security" their rule of business. But if their excuse was that the interest was high because the security was not good, can we say that the bishop who laid down the dictum which I have quoted would have any right to condemn them? The truth is that it is impossible to draw the line as the bishop attempted to draw it. Once you sanction lending at interest at all you must recognise that permission to exact the highest interest compatible with good security involves the permission to exact still higher interest than would otherwise be contemplated where the security is not good. By sanctioning usury in any form we take a place on an inclined plane, and once we are there no mere argumentative subtlety will serve to arrest our descent.

The extreme forms of the evil arise logically from the permission which is given to the existence of lesser forms. And my complaint against the Churches is not that they deliberately approve the extreme forms of the evils which I am discussing—for this cannot be charged against them as a whole—but that

they have lost sensibility as to the causes from which these evils in general spring and are themselves parties to the evils in their more common forms. As citizens and private individuals their members take interest or pay interest as occasion makes feasible without any apparent consciousness that any ethical question is involved, and in their corporate character they welcome the produce of usury as a means of revenue.

I am not sure that my indictment should even stop there. If they are unconscious that any ethical question is involved in the acceptance of income from interest where the industry producing the interest is in itself an honourable industry, are they careful in all cases to inquire whether the interest-producing industry is honourable? Is it, for example, utterly unheard-of for a church, whether by its own investments or the gifts of individuals, to receive interest derived from sweated industries, or from useless or injurious industries, like the making and selling of quack medicines or vain and unhealthful luxuries, or even from the drink traffic? Nay, is it unheard of for a church, whether by its own investments or the gifts of individuals, to receive interest made in the actual business of money-lending? Investments in banks and similar institutions, as at present constituted, are of this character. But cases might be cited

in which the funds paid over to churches have been derived even from money-lending as ordinarily understood.

I do not wish to multiply illustrations of these various statements, though it would not be difficult to do so. It is said that when at the time of a notorious strike of match girls some curious person examined the share list of the company concerned he found that there were fifty-five clergymen amongst the shareholders who at that time drew with the utmost regularity, and I have no doubt with the utmost complacency, 22 per cent. dividends. And when eminent brewery firms offered their alluring inducements to the investing public to participate in the then large profits clergymen formed a large number of the subscribers.

In its bearing upon this branch of our inquiry I have before me a newspaper extract which is somewhat pertinent. It does not relate to a Church of England bishop or Nonconformist pastor. It relates to one who may be said to have followed Moses, or I suppose that I should rather say Aaron, in whatever is the equivalent of Apostolic succession in the Jewish Church. I refer to the Chief Rabbi, Dr. Hermann Adler. I will give the extract in its entirety, merely explaining beforehand that the Samuel Lewis alluded to was a well-known money-

lender who died a few years ago. Referring to his will the *Evening Standard* said:

It is the great aim and desire of the Jewish authorities, both civil and religious, to suppress the practice of usury among their people, and no effort is spared to remove the popular reproach that every Jew is a Shylock. Dr. Hermann Adler, the Chief Rabbi, is known to hold extremely pronounced views on this subject, and it is said that he will never wittingly entertain a usurer in his house.

An institution, benefiting to the extent of £10,000 by Mr. Lewis's will, is the Jewish College, which trains English Jews for the ministry, and teaches them that the usurer and his works are abominations. Will the college authorities, then, feel justified in accepting a money-lender's charity?

One of our representatives called upon the Chief Rabbi, and was informed by his secretary that it was generally expected that the bequests would be accepted. "Of course," he said, "we all deplore and condemn usury. But the money has been left, and if we do not take it, who will? It is better to put it to good use than to let it lie idle, or revert to the Crown or be subject to whatever else might happen to it. Other religious bodies probably deplore usury as much as we do, but I think they would not hesitate to accept a usurer's bequest; why, then, should the Jews?

"Mr. Sam Lewis was a sort of modern Robin Hood; he took from the rich and gave to the poor. I have always had, myself, rather a liking for the character of Robin Hood."

Such is the passage which I cull from the *Evening Standard*. That the secretary spoke for the Chief Rabbi one cannot positively say, but the statements

of the secretary on the Chief Rabbi's behalf were not repudiated; moreover the money was accepted.

A great many institutions besides the Jewish College received gifts under the will of this millionaire money-lender; and I suspect that sympathy with the character of Robin Hood was not confined, at that time, to the secretary of the Chief Rabbi.

As with churches so with hospitals and benevolent and educational institutions of every kind. Do those who receive and administer moneys derived from usury ever inquire as to the ethical basis of or the economic justification for these revenues? They do not. It does not even occur to them—at least not now—that they ought to inquire. There is a text which speaks of a righteousness which is as filthy rags. Some people who have little misgiving in the matter at this moment may some day learn that their righteousness has been of this character.

Since Christian people are so very ready to receive interest it is not surprising that equally they have no scruples in entering into arrangements for the paying of interest. To get into debt for Christ's sake is quite a common habit with most religious bodies and philanthropic institutions. Here is a letter which speaks for itself. It was written by the Rev. C. H. Spurgeon. Let me say that I do not quote it with any purpose of reflecting on that eminent preacher, as

to whose attitude on the general question of usury I have not even inquired. The importance of the letter lies in its typical character and the evidence it gives of the way in which some religious bodies manage their business. It was written to back up an appeal on behalf of a chapel at Richmond, Surrey :

Westwood, Beulah Hill, Upper Norwood,  
Sept. 17th, 1887.

The debt upon the chapel at Richmond is so heavy that I have advised our friends to let it alone till they are strong enough to grapple with it. At this present, *the interest* alone is a greater burden than they can bear. Their need at this moment is aid for two or three years for the raising of this interest, and then it is to be hoped they will grow strong enough to bear the load. Their present minister is not responsible for their being in debt. He finds things as they are, and he needs help to tide over the present difficulty. That help I think should be promptly found.—(Signed) C. H. SPURGEON.

In the appeal which this letter was written to support, the pastor of the chapel stated that the debt was about three thousand pounds. It was a further indication of the humiliating position in which he found himself that he begged the recipients of his circulars to send them back in remitting their donations, in order that they might be used again and the expenses of printing thus be kept down. This, one must admit, was a sensible thing to do under the circumstances. But what of the original folly and



inconsistency which caused a religious institution to get into this position? Looking at the example here set, how could Mr. Spurgeon himself or the pastor of the chapel preach with any degree of boldness on the text, "Owe no man anything." Or how could they with real moral force condemn the practices of usury in general or even admonish that large class of people who are only too ready to enjoy before they earn—which, after all, is a vice nearly akin to that of the usurer, whose aim is to enjoy without earning at all.

The teaching and practice of the Churches and of philanthropic bodies being what it is one cannot wonder that in the community at large usury is habitual. The State fosters it by readiness to enter into usurious transactions. Of the national income for Imperial purposes a sum which may be put at £28,000,000 (1905-6) is paid annually in interest alone, and this, nearly all, for debts which have not the redeeming merit of having been incurred for reproductive objects. As, roughly speaking, twice as much more (in 1905-6 £62,000,000) goes in naval and military expenditure, which certainly is not reproductive in any way, can we wonder that the nation groans under its weight of taxation?

Local governing authorities follow the lead of the Imperial Government. And, of course, corporate

and private transactions involving the paying and receiving of interest are universal. In reality, our entire credit system, national and municipal, public and private, is based on usury. And little though he realises it, the worker mainly is the Atlas who bears this enormous globe of indebtedness. We boast of our progress. In many directions, but especially in the domain of physical science, the progress has indeed been wonderful. And the growth of material riches has been proportionate to the increased command of the forces of Nature which science has given. Yet if we consider the condition of humanity from the point of view of the distribution of wealth, the inequalities of which are due to nothing so much as to usury, we must indeed feel that modern society is like a whited sepulchre, carefully garnished outside, but, in its inward parts, full of dead men's bones and all uncleanness.

"A civilised nation in modern Europe," says Mr. Ruskin, "consists, in broad terms, of (1) a mass of half-taught, discontented, and mostly penniless populace, calling itself the people; of (2) a thing which calls itself a government---meaning an apparatus for collecting and spending money; and (3) a small number of capitalists, many of them rogues, and most of them stupid persons, who have no idea of any object of human existence other than money-making, gambling, or champagne-bibbing. A certain quantity of literary men, saying anything they can be paid to say; of clergymen, saying anything they have been

taught to say; of natural philosophers, saying anything that comes into their heads; and of nobility, saying nothing at all, combine in disguising the action, and perfecting the disorganisation, of the mass; but with respect to practical business, the civilised nation consists broadly of mob, money-collecting machine, and capitalist."

This indeed is strong and bitter language. But who can say that it is not substantially true? Or who can question the truth of this further statement of Mr. Ruskin, directed more especially against the worst forms of modern usury—those which are represented by public debts created for destructive or non-productive objects:

When the civilised mob wants to spend money for any profitless or mischievous purpose—fireworks, illuminations, battles, driving about from place to place, or what not—being itself penniless, it sets its money-collecting machine to borrow the sum needful for these amusements from the civilised capitalist.

The civilised capitalist lends the money, on condition that, through the money-collecting machine, he may tax the civilised mob thenceforward for ever. The civilised mob spends the money forthwith in gunpowder, infernal machines, masquerade dresses, new boulevards, or anything else it has its idiotic mind on for the moment, and appoints its money-collecting machine to collect a daily tax from its children, and children's children, to be paid to the capitalist from whom it had received the accommodation, thenceforward for ever.

What the Churches have done to prevent or remedy the gigantic evils thus exposed and denounced

we have seen already. Instead of being on the side of Moses and the prophets, of Jesus and the great Christian and Pagan teachers whom I have cited, they have been on the side of those expositors of law and social science who have done so much to facilitate the divorce of political economy from ethics—Grotius (that “master of erudition,” as he was called), Puffendorff, Blackstone, Adam Smith, Bentham, Fawcett, and the rest.

This, I know, is a serious accusation to make. That the justice of it may the better be realised, it now becomes my duty to pass from the comparatively simple task of historical survey to a scientific examination of our subject. What really is the source of interest; whence and how is it derived; to whom ought it to be paid? What is the right economic, social, and ethical view to adopt in respect to the problems arising from or connected with usury?

## CHAPTER VI.

### PERIODS OF TRANSITION.

For me—to have made one soul  
The better for my birth :  
To have added but one flower  
To the garden of the earth :  
To have struck one blow for truth  
In the daily fight with lies :  
To have done one deed of right  
In the face of calumnies :  
To have sown in the souls of men  
One thought that will not die—  
To have been a link in the chain of life :  
Shall be immortality.

—*Edwin Hatch.*

What is a man born for but to be a reformer, a re-maker of what man has made, a renouncer of falsehood, a restorer of truth and good; imitating that great nature which embosoms all, and which sleeps no moment on an old past.—*Emerson.*

Have you not heard how it has gone with many a cause before now? First, few men heed it; next, most men condemn it; lastly, all men accept it—and the cause is won! —*William Morris.*

SURELY there is nothing more strange in the whole history of the human race than the changes which have come about in teaching and practice on this question of usury—than the contrast now presented by the attitude of the Churches most of all. How

came it that the earlier teachers of mankind and a long line of great and noble men who followed them—a line stretching from Moses down to Ruskin—took the view which they did take, always without mental qualification or reservation of any sort, on the ethical side of the question? How is it that the teachers of later times, in gradually increasing numbers, have adopted a view so favourable to usurious practices as to amount to almost universal approval, directing their censure only to a few exceptional cases? Are we to suppose that the earlier view, despite its long persistence, was based on mere sentiment—good and wholesome it may be in its local or individual application, but derived from no fundamental, social, and economic laws of general and permanent application? Or are we to suppose that the earlier view was, indeed, based on such laws—laws which, it may be, were not scientifically and precisely formulated but were at any rate intuitively perceived? Surely these are questions worth our careful thought.

In conducting this inquiry I have been very much impressed by one particular fact—the passionate character of the protests against usury which have been made at certain periods. If you examine into the subject, probably you will conclude, as I do, that these periods were always either periods of public distress, when, if usury was felt to be an evil, protest

would of course be quite natural; or they were periods of transition from quiet, easy-going, and relatively orderly conditions of economic and social life to conditions of great industrial and commercial activity which though not necessarily bad in themselves were favourable to abnormal developments, and to the study of contrasts.

We must be supposed to have had such a period in the sixteenth century when the protests of certain of the bishops which I have quoted were uttered. New industrial and commercial developments which began with the spacious days of Great Elizabeth were being advanced with rapidity. Contrasting conditions were, therefore, relatively easy to observe, and the bishops being favourably placed for judging the economic and social phenomena of the time were impelled to utter their denunciations of usury.

Another illustration of the way in which a period of transition favours the making of observations and the forming of a judgment occurs to me. It is connected more especially with the land problem, and as this is a problem which I must refer to in a collateral way I may the more fitly use the illustration for my present object.

We all remember the great attention that was drawn to the land question some years ago when Mr. Henry George published his remarkable book,

*Progress and Poverty.* Many people asked—the opponents of Mr. George especially asked—how it had come about that he fastened so passionately on private landowning as the chief cause of our social and economic evils. The explanation given was that Mr. George, a man undoubtedly of keen intellect and acute sensibility, had lived for some years in western parts of America; that he had seen with his own eyes the formation and rapid growth of new communities, seen transitional processes of social and economic life fully at work within brief periods of time, and was thus able to observe their effects and tendencies more easily than is possible in communities whose conditions have been more or less fixed for centuries. The real advantage to Mr. George was in witnessing the processes of transition.

May it not be that here we have a clue to that strenuous attitude towards usury which the teachers of the Christian Church, not alone in the sixteenth century but at various other times, adopted. They, it is true, did not witness the rapid growth of new communities in the way that Mr. George had done. But they did witness the institution and growth of new conditions of industry and commerce in the old communities. They were present at the process of transition. Thus, as I have said, they could better compare and contrast conditions and note effects.



There is just one thing which I would like to add before proceeding to the more argumentative part of this inquiry. It is a curious fact that Henry George himself, who in the peculiar conditions in which he found himself must have had almost as good facilities for studying the phenomena of usury as he had for studying private landowning, seems to have been so much under the influence of his earlier habits of thought that he failed to discern the phenomena of usury rightly, and actually made himself one of its most powerful apologists. So earnestly did he do this, and so effectively, that I feel that I cannot do better in my present inquiry than devote much of my time to traversing the case for usury as he lays it down.

But first let us examine the more old-fashioned, though not yet discarded, justifications or excuses for this practice.

## CHAPTER VII.

### THEORIES PARTLY ABANDONED.

The out-worn rite, the old abuse,  
The pious fraud transparent grown;  
The good held captive in the use  
Of wrong alone.

These wait their doom from that great law  
Which makes the past time serve to-day;  
Ah! fresher life the world shall draw  
From their decay.

For life shall on and upward go;  
The eternal step of progress beats  
To that great anthem, calm and slow,  
Which time repeats.

—J. G. Whittier.

IF we turn over the pages of the old text books on political economy we shall find in them that usury is almost invariably explained and defended on three grounds. The writers—Mr. Fawcett amongst them—tell us that interest is:

The reward of abstinence,  
Compensation for risk of loss, and  
Wages for the labour of superintendence.

These explanations are not as strongly advanced in these days as formerly, but none has been entirely abandoned. Let us take them in the order named.

Undoubtedly the weakest of the three is the first, that which treats interest as the reward of abstinence; it is weak to the extent of being foolish. This theory, so far as it is accepted, means that if I have a cake to-day and am so virtuous as to abstain from eating it—which if my larder is well filled will be an easy task—I ought to be rewarded later on by still having not only the cake which I preferred not to eat but another cake as well.

There is a wise proverb which says you cannot eat your cake and have it. The proverb contemplates the continued possession of the cake as the reward of abstinence. Proverbs are said to be the wisdom of many and the wit of one. It may be so, but the usurer thinks that he has improved on all that. Whether by wisdom which is divine or wisdom which is other than divine he does manage to get two cakes and—if he practises his virtue of abstinence long enough—a great many more besides, all as the reward of not eating his first cake. The widow with her cruse of oil and her barrel of meal which neither failed nor wasted was not so blessed as he.

When we come to the second of the explanations in favour of interest, that relating to compensation for risk, our task of forming a judgment is more difficult than with respect to the first.

One thing I observe is that, whilst undoubtedly the

expectation of interest is greater or less according to the investor's estimate of the risk of losing his money, the ideal which every investor has chief regard to is the maximum of interest with the minimum of risk. I have not yet met the investor who would not take a high rate of interest if he could get it without risk at all, or who would refuse to take a high rate because of a conviction that there was really no risk of his capital being lost. And as regards a very large number of transactions—deposits in well-established banks very notably—whilst it is quite true that the interest is relatively low the risk is almost nil. The owner of £100,000 is at any rate more sure of being able to get his money when he wants it if he puts it in a bank than he would be if he kept the money locked up at home or held the equivalent in some form of property subject to the invading hands of Time—to moth and rust and all that they connote. He is independent of the vigilance of the local policeman, and has no need to vex his brains or take up his time in guarding his goods. Yet I have never heard of a case in which such a person has been frank enough to recognise the virtual absence of risk in such circumstances and decline to take the interest offered him.

And as in the past I have never heard of such an investor, I suppose I shall have to live for a very

long time before I shall meet the man who will say to the banker, "I am very much obliged to you for taking care of my £100,000. I hope that you will allow me to make you a slight payment for the service."

I do not want to be dogmatic, but I suggest, for the reasons which I have given, that this compensation-for-risk argument does not bear very close analysis. And even if the payment of interest is to be treated as compensation for risk it would be well for the investor to ask whether the running of a risk is *in itself* an adequate reason for receiving an income from an enterprise. Is the enterprise a good one? Is the world the better or the worse because it has been entered upon? These and many like questions need to be asked and answered in such a case. If they were the answers, if honest, might sometimes be startling.

Ah, but we shall be told that it is necessary to proceed in these matters on a basis of averages. If certain forms of investment are virtually free from risk others are full of risk, and therefore the only safe course for an investor is to get the most that he can at all times. Is it really so? Depend upon it if we are to get at the truth in the economics of this question we must exercise our faculties of analysis and discrimination more closely than does the apologist for

interest who states the case in this fashion. First of all, who makes the particular investments? and who runs the risks if there are risks? If A. puts his money into securities which are, according to the best human estimates, absolutely safe, surely he, at any rate, cannot plead the compensation-for-risk argument in justification of interest and say that he is quite right in taking it because the operations of some other man, B., are of a very speculative character. And if, turning to the special case of B., we ask what gives the right to exceptional payment for risk apart from that form of risk which like the risk of fire or the risk of shipwreck or other material damage any insurance company for a moderate premium will cover, we are led into some curious reflections as to the methods of much of our modern industry. The nature of these reflections may best be gathered from a passage in Mr. Ruskin's writings in criticism of Mr. Fawcett on this particular point :

Does Mr. Fawcett mean by compensation for risk, protection from it, or reward for running it? Every business involves a certain quantity of risk, which probably is covered by every prudent merchant; but he does not expect to make a profit out of his risks, nor calculate on getting a percentage on his insurance. If he prefers not to insure, does Mr. Fawcett think his customers ought to compensate him for his anxiety; and that while the definition of the first part of interest is extra payment for

prudence, the definition of the second part is extra payment for *imprudence*? Or does he mean, what is indeed often the fact, that interest for money represents such reward for risk as people may get across the green cloth at Homburg or Monaco? . . . You cannot get anything out of Nature, or from God, by gambling; only out of your neighbour; and to the quantity of interest of money thus gained, you are mathematically to oppose a precisely equal *dis-interest* of somebody else's money.

The third explanation is that interest is wages for the labour of superintendence. The first comment which I would here make is, that provided the wages are just wages and not disproportionate to the work done, and provided also that the work is useful work, nothing whatever is to be said against the payment of such wages.

In practice, however, it is the exception and not the rule for investors to receive the return upon investments as wages for labour of superintendence. The great bulk of investors in stocks and shares, and many of the owners of unregistered business enterprises, do not superintend one iota. Usually there is a Board of Directors who are paid for the superintendence which they exercise. But very often a Board of Directors do no more than nominally superintend. The effective superintendence is done by one of their number, a chairman, or a managing director—a salaried servant who combines with his salaried position the position of a director, and whose salary pays

for his superintendence. In many cases, apart from this officer, and sometimes without the existence of this officer, the superintendence is done by salaried servants pure and simple.

It would certainly puzzle the brains of the most ingenious man amongst us to show what superintendence the holder, say, of consols, exercises to explain his receipt of periodical payments of interest. Moreover, be it observed, if the interest paid were really the reward of superintendence there would in all cases, whether the investment were in consols or in an ordinary business, be somewhat of a ratio established between the services in so-called superintendence and the amount received in interest. But there is no such ratio, nor even the appearance of a ratio. The man who draws £5,000 a year from consols does no more in superintendence than the man who draws £5 a year. What each does is simply the clerical work which attends upon putting the money into the investment; they have also the trouble of signing the receipts for the dividends. But in the case of each investor this "work" is the same. In the actual operations which make the investment fructify they do nothing at all. And the same may be said without reserve of the great bulk of holders of investments for interest.

But in truth to get at the bottom of this question



we need to take a much wider survey than is taken by the old-fashioned apologist whose three stock reasons I have discussed. Mr. George's arguments in favour of interest are much more subtle and far-reaching. Let us then examine them.

## CHAPTER VIII.

### ARGUMENT AS TO NATURAL INCREASE.

Only the Master shall praise us, and only the Master shall  
blame,  
And no one shall work for money, and no one shall work  
for fame,  
But each for the joy of the working, and each in his  
separate star  
Shall draw the Thing as he sees it for the God of Things as  
They are.

—*Rudyard Kipling.*

THOSE who are familiar with the views of Mr. George respecting usury know that his fundamental position is that inasmuch as—apart from labour—we may have, through the aid of natural operations, increases of value akin to the increase of value in certain kinds of long-preserved wine, or from the growth and reproduction of vegetation and animals, there is, as it were, a natural sanction for interest; further, that interest is justifiable from the increased effectiveness which may, through the loan of capital, be imparted to labour either in production or exchange. In other words, the theory of this economist is, that the possession of wealth gives natural and orderly opportunities for the increase of

wealth, apart from any consideration of labour by the possessor of that wealth.

Having laid down this proposition, Mr. George, as a means of "clearing away cobwebs," and simplifying the subject to popular comprehension, points out that *money* is only a small proportion of wealth. There is no increase of value, he says, attaching to the possession of money until it is converted into other forms of wealth. And then he in effect traverses the argument of Aristotle, to which in my third chapter I referred. The lending of money, he contends, is really equivalent to the lending of wealth generally—*i.e.*, crops, cattle, wine, etc.; money may at any time be converted into these things. "All who hold wealth, therefore, *in any form*, are equally entitled to their proportion of the natural increase. The labourer is in no way defrauded."

Further, he urges, that to defend *interest* is a totally different thing from defending *usury*. Interest being, from his point of view, a return to capital due to Nature's operations, the right to the interest is the same whether the capital is one's own used by oneself, or lent and used by another; the transaction only becomes usurious when the terms on which capital is advanced are extortionate.

When with this statement of the case it is asserted

that the ratio of interest is adjusted almost automatically to the ratio of Nature's beneficence, the case on behalf of interest assumes quite a captivating aspect. The phenomena of interest really seem to be invested with all the grace and beauty of natural law itself. Let us then examine this presentation of the case.

I am persuaded that this appearance of lawful sanction derived from Nature is but a phantom, though of siren aspect. First of all, is it really true that the possession of wealth gives natural opportunities for the increase of wealth, apart from any consideration of labour?

I heard the other day of the valuation of the contents of a gentleman's wine cellar for purposes of probate, and was greatly struck by a remark to the effect that there had been so great a deterioration in some of the wines—notably the clarets and champagnes—that, though the sherries and ports had improved in quality, the net value of the contents of the cellar was relatively no greater than it had been a few years previously.

At about the time I heard of this, I met a very clear-headed man, a Unitarian minister, and put to him the question, whether, if I were to lend him a calf, requesting him to retain the same till it became a cow, I would be justified in asking, when I desired

the loan to terminate, that he should return me a cow and not another calf. His answer was, that if he nurtured my calf till it became a cow, he should expect me, as a matter of equity, to pay him for his services, unless it should appear that from the time the cow became reproductive he had been compensated by the yield of calves or of milk. If he had not thus been compensated, and if I was not disposed to pay him for his services in nurturing the calf, I might think myself very well off if I got another calf back again. He waggishly added that the calf might never have become a cow at all if *I* had tried to rear it, and that undoubtedly there were circumstances in which passing over one's property, or lending one's property to another, was, even without the receipt of interest, an advantage to oneself.

Now, it seems to me that the lesson of the wine cellar and the illustration which I obtained from my Unitarian friend, throw considerable light upon the argument that interest, in the sense of the exclusive increase of individual wealth, apart from any consideration of labour exerted by the owners of such wealth, has a natural sanction. The wine and the calf play an important part in Mr. George's case. But can we say in relation to them that there is a natural increase of value apart from any consideration of labour?

The simple fact is that it is only by appropriation through intelligence and labour of that which Nature provides that the productions of Nature become in the economic sense wealth at all. Moreover, it is only by intelligence and labour that the things appropriated from Nature can be preserved as wealth, and not always then, for the forces that make for change and dissolution are as potent as those that make for natural increase. It follows from this, that whatever there is of reward under these circumstances is a return to labour and intelligence. It is wages, and is not a mere outcome of Nature's beneficence.

The error into which Mr. George has fallen is a double error. He not only underrates the part which labour plays in relation to Nature's operations, but claims as the basis of interest elements of value which are really identical with *rent*. This it is especially important to observe. For whilst I am not here going to be led into a discussion of the land question, in relation to which the teaching of Mr. George is most forcible, I must remind the reader that to those elements of value which in the economic sense constitute rent—and which, by the way, if analysed will be found to consist in reality of interest—Mr. George asserts a common right. To be consistent he should have proposed to tax them for the common benefit.

I have never been able to understand how it was that Mr. George—in most respects so analytical and logical—should have gone astray in his arguments so much as he does in this part of the discussion. But again and again the error reappears in his work. Thus in a passage in *Progress and Poverty*, Mr. George alludes to the seed in the ground germinating and growing while the farmer sleeps or ploughs new fields, and also speaks of logs which have been thrown by lumbermen into the stream being carried by the current to the boom of the sawmill many miles below. He contends that as an element of added value is imparted by the natural operations named a legitimate basis for interest is discernible. In this clearly he is wrong.

The farmer's seed may germinate and grow while the farmer sleeps or ploughs new fields, but Nature's beneficence, as represented in such germination and growth, is an element of land value which, if Mr. George's views of land ownership are to be logically applied, belongs to the community at large. For the labour actually done the sole and proper reward is wages, which, on the sale of the product, will be adjusted to the extent and character of the labour. And obviously this belongs of right to those by whom the labour is performed.

It is the same with the logs which the stream bears

to the mill. The wages of the lumbermen, sawyers, and others engaged will be in the main adjusted to the labour of securing the logs and making them useful. What there is of natural advantage as represented in the operations of Nature in growing trees, and of the stream in saving labour, would, under Mr. George's system, logically applied, be taxed. For land value would be given to the forest, and land value to the mill. The more valuable the services, so to speak, of Nature, of the forest, and the stream—the greater would be the value of the land at the two ends—the place where the trees are grown and the place where the wood is converted, the points of appropriation of natural advantages.

How, under these circumstances, can natural operations be admitted as a basis of interest, a justification for usury? The economic result of such operations cannot be taxed as common property in the element of land values, and its existence be at the same time pointed to as giving natural sanction to interest.

To put the matter in another way, it is the power of appropriation from Nature and the labour of conversion which give the products referred to the character of wealth. The power of appropriation is in reality the basis of rent; the labour of conversion is rewarded by wages. Under fair conditions of



economic order, the rent would, according to Mr. George's argument, belong to the public. There can, therefore, be no basis for the third element of value which, apart from economic rent and apart from wages, Mr. George thinks that he discerns, and to which in his argument the term interest is applied. So far as there is appropriation of interest it rests not on the fact that the possession of wealth gives natural opportunities for increase of wealth, apart from any consideration of labour by the possessor of that wealth. It rests on the fact that the possession of wealth gives *unnatural* opportunities—the power to tax the industry of others, the power to appropriate without ourselves producing. And how very widely this power is being exercised few of us realise. It is a branch of the subject on which I shall have something to say when later on I refer to what I call “disguised interest.”

## CHAPTER IX.

### ADDED VALUES FROM PRODUCTION AND EXCHANGE.

The lukewarm and those who do not work sincerely and humbly will be rejected by God. I desire that all my brethren should labour at useful occupations, that we may be less of a burden to the people, and also that we may be less subject to maladies of the heart and tongue, and may not be tempted to evil thoughts or evil speaking. Those who cannot work, let them learn to work.—*St. Francis of Assisi.*

I HAVE, I hope, sufficiently for our present purposes disposed of the Georgian argument as to there being a justification for interest on the basis of the right of a lender to participate in “natural increase”—increase due to the bounty of Nature. But, of course, this is not Mr. George’s only argument on behalf of the legitimacy of interest. Following some of the older economists, he advances also the argument as to increased efficiency of labour in production and exchange through the assistance given by capital.

As regards increased efficiency in production, Mr. George uses the familiar illustration of Carpenter

James making for himself a plane, by ten days' work, and lending it to Carpenter William, for a year of three hundred working days, in return for a new plane *and a plank* at the end of that time.

In developing the argument on the basis of this illustration Mr. George becomes strangely entangled. At the outset he is somewhat startled to discover what may be the possible result of such a form of commercial dealing if indefinitely continued. He says:

When, in addition to the return of a plane, a plank is given, James at the end of the year will be in a better position than if there had been no borrowing, and William in a worse. James will have 291 planks and a new plane, and William 289 planks and no plane. And if William keeps on borrowing of James on the same terms, is it not evident that the income of the one will progressively decline and that of the other will progressively increase until the time will come when, as the result of the original lending of a plane, James will obtain the whole result of William's labour—that is to say, William will become virtually his slave?

The student of political economy, following this argument carefully, might well conclude that Mr. George must be going straight for the condemnation and not the defence of interest. An increased effectiveness of production which, when indefinitely continued, results in the enslavement of William, can hardly be a justification for interest from the stand-

point of the economist who believes that all true economic laws must be correspondent with social well-being. If James loaned his tool it was because he did not need it, and even then he was under no compulsion to accommodate William. But for James to lend the plane, without any loss to himself, and then to demand from William, for a service which cost nothing, not merely a brand-new plane (which was James's due), but one-twentieth of its value into the bargain, was, to use the mildest term which may fitly be applied, an anti-social transaction. But here we have the essential feature of every form of usury. Nor would it have made the difference which Mr. George supposes if James had lent William money which William might have exchanged for a plane. This would have served to disguise the transaction, but would not in the least have altered the principle of it.

Apparently Mr. George himself no sooner develops his argument than he becomes conscious of its weakness; he feels that he is getting into an inconsistent and absurd position. How does he meet the difficulty? He does not meet it all. Practically dropping a form of argument which *appears* to make the increased effectiveness of labour in production a basis of interest, he ultimately reverts to his theory as to the "active power of Nature," adding also,

“the element of time—the difference of a year between the lending and the return of the plane.”

I have already shown that the equivalent of “the active power of Nature” is not interest but rent—rent which, according to Mr. George, should belong not to the individual but to the community. And as regards the element of time this is not a thing which can be bought and sold. How can a man sell abstract time—minutes, days, months, and years? A lapse of time is necessary in order that labour may accomplish its task and that “the active power of Nature” may produce its results. But, as I have shown, the reward in the first case is wages and in the second rent. Than these two there can be no other just reward.

The argument as to increase of value resulting from exchange is equally indefensible when considered from the point of view of Mr. George’s land reform programme. In a controversy which was conducted in Mr. George’s newspaper, the *Standard* (of New York), a correspondent, who, like Mr. George, defended interest, put the argument as to increase of value resulting from exchange thus:

“Taking a cargo 1,000 miles east may involve no more labour than taking a similar cargo 1,000 miles west, but the reward of the labour may be in the former case four-fold what it is in the latter.” The

illustration was unfortunate. But the very extravagance of it only helps to make the absurdity of the plea for interest as an equivalent of the enhanced value of commodities from exchange the more apparent. I need only point out that if a cargo is taken east it is because it is wanted east. If the want is not merely accidental and temporary but continuous, the profits, whatever they are, will always tend to be the proper exchange value of the labour involved, using the word labour in its full economic sense, which includes payment not merely for mental effort and human strength, but for all aids and appliances. After, in such a case, land values at either end, at the places where the goods are acquired and exported, and where they are imported, have been appropriated whether by private rent or, as Mr. George proposes, public taxation, there cannot in addition be a return corresponding with interest as a private and exclusive payment.

These things are, I think, clear. If, then, there is a justification for the rendering of wealth to anybody altogether apart from any consideration of labour on the part of the person to whom that wealth is rendered, it cannot rest on the increased effectiveness which may be imparted to labour in production or exchange, owing to the loan of capital, any more than it can rest on a supposed claim to participation in the

advantages of the increase due to Nature's bounty.

It becomes necessary then to extend the range of our inquiry. If we have difficulty in finding what we may call material sanctions for usury, are we able to find sanctions of a moral character? Can we say that the system rests on some basis of moral advantage, individual and social?

To some extent we have been compelled to anticipate our argument on this head. I wish to apply myself to it, however, in a direct and definite fashion.

## CHAPTER X.

### DISGUISED INTEREST.

A superior want of conscience is often the determining quality which makes a millionaire out of one who otherwise might have been a poor man.—*Henry George*.

Whereas it has long been known and declared that the poor have no right to the property of the rich, I wish it also to be known and declared that the rich have no right to the property of the poor.—*Ruskin*.

Such is the diligence with which, in countries completely civilised, one part of mankind labour for another, that wants are supplied faster than they can be formed, and the idle and luxurious find life stagnate, for want of some desire to keep it in motion. This species of distress furnishes a new set of occupations, and multitudes are busied from day to day finding the rich and fortunate something to do.—*Johnson*.

In the opening chapter of this inquiry I referred to what I called disguised interest. It appears to me that before I proceed to the more ethical branch of our subject I should take the opportunity of saying something further on a feature of the problem of interest which is not enough considered in inquiries of this kind. Obviously the gravity of an ethical question is affected very much by the magnitude of the evil to be dealt with. And in this case, until we



have done our best to realise the extent to which, even apart from banking operations and lending as ordinarily understood, modern industry and commerce rest on a usurious basis, our appreciation of the question must be very inadequate.

When in our historical review we have been speaking of usury, we have always, and very properly, had in mind the simple and direct lending of money or goods for increase; we have had in mind lending as it has been commonly understood hitherto. But we live in times of severe introspection and daring analysis. We have nowadays a way which is terribly perplexing to the man in the street of getting behind appearances so far as we can, of tearing off disguises, and pointing to realities. Hence it has come about that some of us are beginning to insist that usury is by no means confined to simple and direct lending—that in disguised forms usury has existed all along in many transactions where its presence has not been even suspected—that, in short, it is just as universal as is modern production. We are beginning to see that in payments of rent on land and houses and in profits of wage-paying industry there is generally, indeed almost always, an element of increase which is virtually interest. “We are all Socialists now,” exclaimed Sir William Harcourt, in a characteristic outburst. If he had been more in-

spired and equally frank he might with greater truth have said for the class to which he belonged and whom he represented, "We are all usurers now"—or seen to be usurers.

By way of illustrating this view let us take a few examples. A member of the great family of Smith lets—*i.e.*, lends—land to a cultivator, or lets—*i.e.*, lends—a house to an occupier. Smith, of course, will not be called a usurer. He will be called a landlord, and the increase which he takes will be called rent. It will be well for Smith not to forget, however, that, excepting a fraction which is the reward of his superintendence, another to repay cost of repairs or maintenance, and—more especially in the case of a house—another, and very small fraction which goes to insurance, and finally, such public taxes and legal charges as may fall upon him, the rent which he receives is really disguised interest.

It may, of course, be asked, how is this factor of interest in such cases to be determined? How is Smith to know how much of that which he receives actually is interest? This is a matter of very simple calculation. The only item in the calculation which will be at all difficult to determine will be that of wages of superintendence, and the difficulty here is not great. In countless cases land and household properties are managed by agents entirely. The

charges of such agents are the utmost standard by which Smith would be entitled to estimate the share of his income which he should credit to himself as wages of superintendence for the purposes of this calculation. And after the amount thus taken, and the other factors which I have specified have been allowed for, the balance remaining to Smith will be discernible as interest, or the equivalent of interest.

Again, take a case which is rather more complex. Another man, Jones, may hire a body of labourers to assist him in justifying the accepted description of capital as wealth used to produce more wealth. He will then call himself an employer of labour.

Now if Jones divests the operation of all disguise he will see that the real nature of the operation is this: he lends his wealth as capital to these labourers. Under, it may be, his wise guidance, the labourers combine this capital with the capital of their own brains and muscles, and thus aid in the production of more wealth. Jones, in his character of employer, is master of the situation. He has the control of the whole process in his hands. After meeting all the needful expenses of the business he returns to the labourers part of the increased wealth which with this help—this loan—of the capital of Jones they produce. The other part, which may be the greater part, Jones keeps for himself.

Now what is the true nature of *this* increase? The part of the increased wealth which Jones claims as his share consists of two factors. One is the reward of his superintendence—his wages—and the other is profit. And what is this profit but disguised interest?

True, Jones may not be quite certain how much of the share which he receives is his wages, and how much is interest or its equivalent. But even this is not beyond his power to determine, any more than it was in the case of Smith with his lands or his house property. The wages is the amount that Jones would have to pay if he hired a sufficiently competent person to do his work of superintendence for him; the rest of his income from the business is interest.

Of course, we cannot expect Jones at present to see this. And certainly if the business is at all of a complicated character, or even if it is not, as long as Jones remains in active control he will be disposed to put a high price on his superintendence. No man is indispensable in this world; the children of Israel got on without Moses. But Jones, if he thinks about the matter at all, will do his best to soothe his conscience by assuming that he, at any rate, is indispensable, and that what he gets from his business is nearly all wages. Probably he will be entirely

wrong, but he will assume his indispensability all the same.

Let us, however, carry the illustration further. A time comes when Jones wishes to retire, when for his health and comfort he must retire, indispensable though he has thought himself to be. Then, like many other prosperous employers of labour, he will engage a responsible manager. So far as superintendence goes Jones may become little more than a figure-head or cypher in the business. He may live at his ease in a foreign land. He may never visit the scene where his wealth is being utilised as an aid in the production of more wealth. He may become a mere recipient of profits.

He cannot now remain in doubt as to what part of his income from the business was wages, and what part was interest at the time when he actually superintended. The wages will have been a ratio of the income of the business similar to that which he is paying now to have the superintendence done for him. What he was receiving over and above this, by whatever name he called it, was like that which he is receiving now, interest pure and simple. It was increase, not to be distinguished from usury.

This I think is very plain. And in its application to the ordinary processes of industry this is a line of argument which cannot be urged too

much. The more we examine into the matter the more we shall find that there is no real difference between lending at interest a £5 note to a workman or producer in order that he may produce, or lending him, under conditions that yield interest on the capital, a machine and so much space in a workshop. In all such transactions there is the two-fold aim that the man who lends may himself only have to work in the minimum degree, and that he may in the maximum degree appropriate the result of the work of those to whom the loan is made. This form of lending is the more dangerous, as the operation is disguised both from the form of it and owing to the prevailing modes of thought. So much is this so that whilst a capitalist might be moral enough to say that 25 per cent. would be an extortionate rate of interest on money lent, he would see nothing extortionate in pocketing 25 per cent. if he lent money's worth in the form of a mill with machinery to some hundred men—his employés—and found himself able to secure such a percentage as the result.

Of course, I shall be told that when I develop my inquiry into usury in this way I am leaving out of account the risks that run through all business transactions. I shall be told that Jones is bound to take all the profit which he can get, even at the cost of being stigmatised as a usurer by super-critical people

like myself, because he can never tell when bad times may come and when large losses may have to be suffered. But we have only to look at the swollen riches which many capitalists have derived from commercial or industrial operations to see plainly that in numerous cases profits have been appropriated far beyond anything which even a lavish provision against risks of loss would require. And we have only to look at the way in which in many cases those riches are used, and misused, to see that, however much the appropriator may have pleaded originally the need to insure against future risks of loss, it is not for the meeting of such risks that the riches are actually reserved.

But these are points on which I need not here dwell. There is one thing which I would observe further with regard to this question of profits and of losses. So long as we have a competitive, anti-social relationship of society, large profits and large losses will be inevitable incidents of that relationship. The large profits and the losses alike are the measure of the gambling which must mark the course of business under such a social or anti-social condition. The resources and powers of Nature, which are the primary source of wealth, are themselves most bounteous. From the collective application of human energy to those resources and powers

increase of wealth always results. But where the conditions of life are such that this increase is monopolised or scrambled for, or both, it is obvious that even if Nature were much more bounteous than she is large gains and large losses to individuals would be certain to occur.

In dealing with this question of losses it may be useful for me to refer to a personal reminiscence. Some years ago in connection with a political matter, I had occasion to call upon the head of one of the largest private shipping firms in the country. Whilst we were talking together in his office an official entered hurriedly and announced that a steamship of the firm had grounded, and was in peril of total loss. The shipowner, still retaining his seat, nodded to the official, as much as to say, "I have heard you." With a grave expression of face he addressed to me the words, "You see these are the risks to which we are liable." Then he took up the thread of the political conversation just as though nothing else occupied his mind.

The incident impressed me greatly at the time—especially the cool way in which the news of the accident was received. I made inquiries afterwards as to the ways of this firm. As a result two facts came out plainly. I found that this firm, possessing some forty or more steam vessels, could work on what is



called a basis of averages as regards risks. They were their own insurers. A certain percentage of their earnings went to an insurance and depreciation account. From this they were able to make good the occasional loss of a steamship, finding this more economical than insuring with an insurance company, and they were also able to replace worn-out vessels, and generally to keep up the status of their fleet, without any disturbance of their operations.

Some very pertinent reflections were suggested to my mind by these facts. Individual losses are not to be denied. But those which are known in charter parties as the "acts of God" may nearly always be provided against by insurance, and for the purposes of this argument need not seriously count. Not a few of the rest are due to the gambling conditions of trade alluded to above, and to imprudence or folly on the part of the trader. As I have pointed out in a previous chapter, it is very questionable whether he should be protected from the consequences of them. But if it is claimed that men should be protected from all losses against which it is not in their individual power to guard, then there is an obvious method of accomplishing that object, whilst at the same time doing many things which would be much more useful. We have seen that the manner in which losses are felt depends very greatly

on the area of operations of an industry, that whilst a small capitalist may live in fear of being ruined by one disaster, a large capitalist or body of capitalists have it in his or their power to save themselves from such a fear. Does this not point a moral in favour of socialisation? In a collective organisation of society industrial operations would be conducted on that larger scale which enables losses to be more than counterbalanced by the gains which are the invariable result of human activity wisely directed in co-operation with the beneficence of Nature.

Now having, as I hope, made these features of the problem plain, I am free to go on to the ethical argument.

## CHAPTER XI.

### THE ETHICAL VIEW.

We must all toil or steal—howsoever we name our stealing.—*Carlyle*.

All systems of society which favour the accumulation of capital in a few hands, which oust the masses from the soil which their forefathers possessed of old, which reduce them to the level of serfs and day labourers living on wages and alms, which crush them down with debt, or in anywise degrade or enslave them, or deny them a permanent stake in the commonwealth, are contrary to the kingdom of God which Jesus proclaimed.—*Charles Kingsley*.

Men are apt to measure national prosperity by riches; it would be right to measure it by the *use* that is made of them. When they promote an honest commerce among men, and are motives to industry and virtue, they are, without doubt, of great advantage; but where they are made an instrument of luxury, they enervate and dispirit the bravest people.—*Bishop Berkeley*.

THOSE who argue so keenly in favour of interest on the ground of the increased efficiency of labour in production and exchange through the assistance given by capital, and on the other grounds which I have named, are no doubt quite conscientious. Certainly I do not suspect them of any intention to be cruel, or anti-social. They act according to their lights. Many of them may even be convinced that the combined operations of usurious capitalism—

taking my own severe definition of the term—are on the whole beneficent; more especially that these operations in recent times have helped to an enormously increased command of the resources of Nature, and added to the riches of the world immensely. Let me offer a brief comment on this view.

It is a hackneyed doctrine, yet a true one, that God moves in a mysterious way His wonders to perform. And the mystery of the divine movements pertains not alone to the realms of physical Nature. We may see it in the evolution of humanity. Good does come out of evil, or, if the expression be preferred, great evils give place to lesser ones—somehow and at some time. It is conceivable, therefore, that the stupendous cupidity and lust of riches which we see in these days are, not alone by increasing the command over the forces of Nature, but even in other ways besides, helping Humanity forward, though with stress, strain, and tragic bitterness, to higher ends. Judas had his uses; why not a Carnegie? But let us look things straight in the face. Our hope that good is being eduved from evil, or that the power of evil is being lessened, does not relieve us from the duty of pointing to the evil when and where we see it—from the duty of striving to free ourselves from the evil. Conditions *do* improve. But whilst we lay this unction to our souls, it may be well in rela-

tion to the subject of our inquiry to ask ourselves whether the aid which usurious capitalism is alleged to be giving to the world's progress is actually an aid at all or, at any rate, is not more than counterbalanced by the hindrances of which it is the cause. To me it seems that, whilst there has been a marvellous advance of human faculties and powers in discovering and utilising the forces of Nature, it is highly probable that our financial system has in many directions hindered advance, or—perhaps I should say—that if it has helped in some directions it has hindered in others even more. We must not overlook the fact that there has been in all these years of wondrous progress a vast amount of wasted enterprise, and a vast amount of mischievous and even murderous enterprise. And this has been because, for the most part, the direction of business activity and industrial energy has been determined not by the merits of the objects sought, not by the higher standards of human serviceableness, but by the prospect of usurious gain on the part of large numbers of men, some of them intellectually the strongest and keenest of the race, who, in many cases, have not themselves been working in the enterprises in which their money has been invested, and who, in nearly all cases, have been governed primarily by the consideration of obtaining dividends or profits.

This is a side of the shield which certainly we must not neglect to look at. We are told of the increased efficiency of labour in production and exchange through the assistance of capital. But when these things are pointed to as justification of usury we may do well to ask whether the grasping at interest, the universal usury of our time—the usury blessed and practised by the Churches and the common basis of the operations of the mart—is not the real cause of wages tending to the mere subsistence level at which, despite the growing aggregate of the world's riches, they generally are, the level at which they continually must be under present conditions, excepting so far as the tendency towards the mere subsistence level is checked and partial ameliorations are secured by the tacit or active operation of Labour Combinations. We may do well to ask, also, whether it is not this grasping at interest—at a reward which is in excess of the true economic wages of the captaincy of industry—which is the prime cause of the present extreme separation of classes, of the excessive poverty of the many, and the excessive riches of the few, and of all the moral and physical evils which the poor and the rich, but especially the rich, suffer from—the evils of the repression of the higher faculties of the wage-earner, who without leisure, or reserve of money or energy—these things now being

impossible to him—can but live a low mechanical life; the evils of the withdrawal in large measure of the usurious class from labour, with all which that involves in proportionate absence of production, and in the blunting of the higher faculties of human love and pity, and in the temptations to idleness and vice.

Our present complicated economic system, with its joint stock companies, its banking, foreign trade, exchange, taxation, and misunderstandings as to the nature of money, makes it difficult to trace the ramifications of our economic transactions. But to the student the simple fact stands out plainly that one part of the community is living on the labour of the rest. The complexity disguises, but it does not alter this fact. And who can justify such a state of things on ethical, economic, and social grounds?

Here I would like to remind the reader of Mr. Ruskin's very suggestive definition of political economy, in my opinion the best definition yet formulated :

*Political economy is neither an art nor a science, but a system of conduct and legislature, founded on the sciences, directing the arts, and impossible except under certain conditions of moral culture.*

What is to be said of the conditions of moral culture under which, on the plea of assisting labour,

wealth can be used in an individual and exclusive sense to acquire more wealth, altogether apart from any consideration of labour on the part of the owner of such wealth, to wit, by the appropriation of the results of the labour of somebody else?

Mr. George defends usury (under the name of interest) by assuming a private right to natural increase of wealth apart from any consideration of labour on the part of the possessor of such wealth. But, it seems to me, that in one passage of *Progress and Poverty*, Mr. George himself unconsciously concedes the immorality of the system of private and exclusive interest-taking. The passage will be found in the chapter on "Labourers not Maintained by Capital." It is as follows, the italics being my own :

Here is a luxurious idler, who does nothing either with head or hand, but lives, we say, upon wealth which his father left him, securely invested in Government bonds. Does his subsistence, as a matter of fact, come from wealth accumulated in the past, or from the productive labour that is going on around him? On his table are new-laid eggs, butter churned but a few days before, milk which the cow gave this morning, fish which twenty-four hours ago were swimming in the sea, meat which the butcher boy has just brought him in time to be cooked, vegetables fresh from the garden, and fruit from the orchard—in short, hardly anything that has not recently left the hand of the productive labourer (for in this category must be included transporters and distributors, as well as those who are engaged in the first stages of pro-



duction), and nothing that has been produced for any considerable length of time, unless it may be some bottles of old wine. *What this man inherited from his father, and on which he says he lives, is not actually wealth at all but only the power of commanding wealth as others produce it.* And it is from this contemporaneous production that his subsistence is drawn.

I may observe, parenthetically, that I do not agree with Mr. George's statement in the sentence which I have italicised. *It is wealth which the man inherited from his father.* This would be soon apparent if he realised his bonds, and took the equivalent by exchange in the form of house or other property. But this we need not stop to discuss. What I wish to concentrate attention upon is the character of the admission that here we have a luxurious idler, whose power of continuously living in luxurious idleness is simply a power of "commanding wealth as others produce it," such wealth coming to him in the form of interest on Government bonds, which interest he exchanges for the goods described by Mr. George.

Mr. George's argument in this part of his book is not related to the essential morality of interest. He aims simply to show that subsistence is drawn from contemporaneous production. But it is unfortunate that from the line of thought which he adopted for this purpose he was not led to see that interest itself,

as he regards it, could not be a legitimate source of private and exclusive wealth.

Will those who think that Mr. George has justified interest say that the condition above described, which is a typical illustration of the operation of usury, is a moral condition? In other words, is it moral (and, in the best sense of the word, economic) that a man inheriting wealth from his father, without producing anything whatever with head or hand, simply by a "power of commanding wealth as others produce it" should be able to live as a "luxurious idler"—the original stock of his wealth, owing to the subtle alchemy of interest, remaining all the while undiminished?

It might be replied that though the conduct of the luxurious idler who produces nothing with head or hand, and who, by a power of commanding wealth as others produce it, lives much more comfortably than most of those who do produce, is not strictly moral conduct, the case is one of abusing wealth—that the young man should *not* live in luxurious idleness, but *should* produce with head and hand. But I venture to say that this would be just as logical as a statement that the morality or immorality of an act of theft depended not on the method of appropriation, whereby the thief commanded wealth as others produced it, but on the use to which the wealth

commanded was applied and on the extent to which the thief, by honest toil, supplemented his dishonest acquisitions. Assuming that the appropriator did live a useful life, surely the legitimate return to which he would be entitled would be that which he produced; he would not, merely on the ground of his usefulness, be any the more entitled to appropriate in addition that which he did not produce.

Then, too, it might be said by some people that it was merely the character of the investment in the case cited which made the transaction immoral. Certainly it is not on the face of the illustration evident that this man's Government bonds represented wealth lent to the State for beneficent purposes, such as railway and harbour works. But let us suppose that the bonds *did* represent something spent in such works. The transaction would then come on to the ordinary, shall I say orthodox, commercial basis, and be in principle similar to investments in productive private companies. The owner would simply be like a preference shareholder with his percentage guaranteed. But would his power of living in luxurious idleness be less a power of commanding wealth as others produce it, and be such as on a moral, as well as a scientific, survey could be regarded as indicative of that wise ordering of the national household

which constitutes political as distinguished from individual economy?

A crucial examination of this question must show that the only right basis of wealth is labour, and that a given quantity of labour cannot justly have more than its one adequate reward. It cannot justly have two rewards. If for a given quantity of labour the proper exchange value of such labour is received, this labour is eternally and completely rewarded; the product may be used as capital to produce more wealth, but obviously—since the true organisation of society must be social not predatory—this wealth, to be morally acquired, must not go to the man who produces nothing whatever with head or hand. For truly the existence and well-being of a people are secured by their collective labour. Only by taking his part in that labour can each man have a right to share in the advantages which flow from it.

## CHAPTER XII.

### MUTUALITY OF ADVANTAGE.

The first object of a good government is not that rich men should have their pleasures in perfection, but that all orders of men should be good and happy.—*Sydney Smith.*

A too great disproportion of wealth among citizens weakens any State. Every person, if possible, ought to enjoy the fruits of his labour in a full possession of all the necessaries, and many of the conveniences of life.—*Hume.*

Then crime shall cease, and ancient fraud shall fail,  
Returning Justice lift aloft her scale;  
Peace o'er the realm her olive wand extend,  
And white-robed Innocence from Heaven descend.

—*Pope.*

It will, of course, be asked, "Is the man who has acquired wealth to be considered guilty of an immoral transaction if he permits another who so desires it to use that wealth, and then in the form of interest, takes part of the proceeds of such use? Can there, in short, not be such a thing as reciprocity or mutuality in money-lending? or in the investment of money in any way with the object of obtaining wealth even though there be no consideration of labour on the part of the investor?"

I can only reply that we cannot arrive at a right view of the subject unless we have a very strict regard to duty rather than self-interest, and consider our obligations equally with our so-called rights. From the moment the reciprocity-and-mutuality argument is admitted, and we allow ourselves to use wealth to escape, either partially or wholly, from labour, and to "command" the produce of the labour of other people, we, spiritually speaking, adulterate Good and Truth, deceptively making the pretence of accommodating our fellow man a means of acquisition and acting in disregard of the divine injunction, "who will not work, neither shall he eat."

The Rev. Henry Smith, "Silver-tongued Smith," who was once rector of St. Clement Danes, dealt very pointedly with the reciprocity-and-mutuality argument when he said,

The usurer loveth the borrower as the ivy loveth the oak: the ivy loveth the oak to grow up by it: so the usurer loveth the borrower to grow rich by him. The ivy claspeth the oak like a lover, but it claspeth out all the juice and sap, that the oak cannot thrive after it. So the usurer lendeth like a friend, but he covenanteth like an enemy, for he claspeth the borrower with such bonds that ever after he diminishes as fast as the usurer increaseth.

If you can afford to lend, and think you can do good by lending, then lend—giving the use of that which you can lend. But between lending for the

sake of doing good to another and lending for the sake of obtaining advantage to oneself there is a distinction to be drawn. The tree must be tested by its fruits. The experience of mankind is that money-lending at interest is, together with landlordism (the ownership of land not for production by the owner, but as a means of "commanding" the produce of the labour of other people), the most fruitful source of economic, political, and social disorder that human society suffers from.

Again, to recur to the teaching of Mr. Ruskin—here, in something of parable, we have the essential truths of political and social economy on this and many subjects besides :

Let us imagine a society of peasants, living on a river-shore, exposed to destructive inundation at somewhat extended intervals; and that each peasant possesses of this good, but imperilled, ground, more than he needs to cultivate for immediate subsistence. We will assume further (and with too great probability of justice), that the greater part of them indolently keep in tillage just as much land as supplies them with daily food—that they leave their children idle, and take no precautions against the rise of the stream. But one of them (we will say but one, for the sake of greater clearness) cultivates carefully the ground of his estate; makes his children work hard and healthily; uses his spare time and theirs in building a rampart against the river; and at the end of some years has in his storehouses large reserves of food and clothing—in his stables a well-tended breed of cattle, and around his field a wedge of wall against flood.

The torrent rises at last—sweeps away the harvests, and half the cottages of the careless peasants, and leaves them destitute. They naturally come for help to the provident one, whose fields are unwasted, and whose granaries are full. He has the (legal) right to refuse it to them : no one disputes this right. But he will probably *not* refuse ; it is not his interest to do so, even were he entirely selfish and cruel. The only question with him will be on what terms his aid is to be granted.

Clearly, not on terms of mere charity. To maintain his neighbours in idleness would be not only his ruin, but theirs. He will require work from them, in exchange for their maintenance ; and, whether in kindness or cruelty, all the work they can give. Not now the three or four hours they were wont to spend on their own land, but the eight or ten hours they ought to have spent. But how will he apply this labour ? The men are now his slaves—nothing less and nothing more. On pain of starvation, he can force them to work in the manner, and to the end, he chooses. And it is by his wisdom in this choice that the worthiness of his mastership is proved, or its unworthiness. Evidently, he must first set them to bank out the water in some temporary way, and to get their ground cleansed and resown ; else, in any case, their continued maintenance will be impossible. That done, and while he has still to feed them, suppose he makes them raise a secure rampart for their ground against all future flood, and rebuild their houses in safer places, with the best material they can find ; being allowed time out of their working hours to fetch such material from a distance. And for the food and clothing advanced, he takes security in land that as much shall be returned at a convenient period.

We may conceive this security to be redeemed, and the debt paid at the end of a few years. The prudent peasant has sustained no loss ; *but he is no richer than he*



*was, and has had all his trouble for nothing.* But he has enriched his neighbours materially; bettered their houses, secured their land, and rendered them, in worldly matters, equal to himself. In all rational and final sense, he has been throughout their true Lord and King.

We will next trace his probable line of conduct, presuming his object to be exclusively the increase of his own fortune. After roughly recovering and cleansing the ground, he allows the ruined peasantry only to build huts upon it, such as he thinks protective enough from the weather to keep them in working health. The rest of their time he occupies, first in pulling down, and rebuilding on a magnificent scale, his own house, and in adding large dependencies to it. This done, in exchange for his continued supply of corn, he buys as much of his neighbours' land as he thinks he can superintend the management of; and makes the former owners securely embank and protect the ceded portion. By this arrangement, he leaves to a certain number of the peasantry only as much ground as will just maintain them in their existing numbers. As the population increases, he takes the extra hands, who cannot be maintained on the narrowed estates, for his own servants; employs some to cultivate the ground he has bought, giving them of its produce merely enough for subsistence; with the surplus, which, under his energetic and careful superintendence, will be large, he maintains a train of servants for state, and a body of workmen, whom he educates in ornamental arts. He now can splendidly decorate his house, lay out its grounds magnificently, and richly supply his table, and that of his household and retinue. And thus, without any abuse of (legal) right, we should find established all the phenomena of poverty and riches, which (it is supposed necessarily) accompany modern civilisation. In one part of the district, we should have unhealthy land, miserable dwellings, and half-starved poor; in another, a well-ordered estate,

well-fed servants, and refined conditions of highly-educated and luxurious life.

Mr. Ruskin follows up these illustrations by saying that he has put the two cases in simplicity and to some extremity. But, though in more complex and qualified operation, all the relations of society are only the expansion of these two typical sequences of conduct and result. This is not an extravagant assertion. Nowhere have I found the difference between social and unsocial, moral and immoral, kingly and unkingly lending more strikingly indicated than in these passages from Mr. Ruskin's writings. Even if we had no other aid we might from their teaching draw up a brief for an indictment of usury.

## CHAPTER XIII.

### VICTORY OVER ONE'S NEIGHBOUR.

To hug the wealth ye cannot use,  
And lack the riches all may gain—  
O blind, and wanting wit to choose,  
Who house the chaff and burn the grain !  
—William Watson.

Hitherto, it is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being.—*John Stuart Mill.*

What profits it to the human Prometheus that he has stolen the fire of Heaven to be his servant, and that the spirits of the earth and the air obey him, if the vulture of pauperism is eternally to tear his very vitals and keep him on the brink of destruction?—*Huxley.*

SPEAKING of existing economic conditions, Mr. Ruskin, in *Munera Pulveris*, says :

*This great law rules all the wild design, that success (while society is guided by laws of competition) always signifies so much victory over your neighbour as to obtain the direction of his work, and to take the profits of it. This is the real source of all great riches. No man can become largely rich by his personal toil. The work of his own hands, wisely directed, will indeed always maintain himself and his*

*family, and make provision for his old age. But it is only by the discovery of some method of taxing the labour of others that he can become opulent.*

This is even so. And it must clearly be recognised that all such methods of becoming rich are usurious. For as I have shown, usury is simply the use of wealth to acquire more wealth apart from any consideration of labour by the owner. Even in its least forbidden aspect it is still to be condemned. For is it not even then what Swedenborg, with marvellous penetration, describes as “doing good for the sake of gain”?

Doing good for the sake of gain! To do good for the love of good is the only doing that is divine; it is the only doing that stands to our credit in Heaven’s Chancelry. To do good for the sake of gain, be the form of doing what it may—be it an investment of energy in the name, but not the spirit of friendship, or an investment of lucre—is to act from an infernal motive. It may be feared that much of our doing is of this character.

Unhappily, of all the usurious transactions which are carried out there are very few of which it can be said that they represent the doing of good at all; they are governed by the motive of gain without any thought as to whether good or ill may result. Sometimes, they are carried out with a consciousness that

ill *must* result. Gain, gain, gain is all that is considered. And depend upon it, however much the real nature of such transactions may be obscured by sophistry, disguised by custom, or sanctioned by usage, they are not only infernal in their essential spiritual character, but are in their practical issues opposed to individual and social progress.

I have said that only by taking his part in the collective labour of the community can each man have a right to share in the advantages which flow from that labour. The law of life is a law of use. All advantages at which a man grasps or which he secures without the due performance of use are stolen advantages; they are either entirely stolen, or are stolen in the degree in which the relation of advantage taken to use performed is unfairly adjusted. From this point of view usury merges even into theft.

This I know is strong language. But it is not language which I am applying in a bitter personal spirit against a few individuals. I apply it, with sorrow, in a universal sense. It is only right that I should say, since I have referred to the relation of advantage taken to use performed, that I do not in this matter distinguish between the man who lives on interest entirely and the man who does productive work and draws only a part of his income from usuri-

ous sources. I mean that I do not distinguish between them as regards the legitimacy of their incomes—so far as those incomes are in both cases usurious. If we ban the income of A. because it is wholly usurious, shall we say that the income of B. shall not be banned so far as that income is usurious also? We cannot logically say that it is wrong for a man to privately appropriate interest to an amount which enables him to withdraw entirely from all share in the productive work of the world, but right for him to put himself in the way to withdraw later on by the present acceptance of usurious gain because that gain may be small. Surely it is self-evident that if the ultimate results of a system are evil the point at which the evil begins is the point at which we must challenge the system.

It is on the same principle that we must condemn all attempts to differentiate on ethical grounds between small percentages and large ones, as is done by those who speak of interest and usury as if they were two different things, and not one and the same thing, though it may be differing in degree—sometimes.

That this is the sound view to take will be the more obvious the more we fix our attention on the operation of usury as regards the great mass of the population. In this connec-

tion I would like in passing to call attention to a curious mistake which one writer on this subject makes. Mr. Herbert V. Mills in his work *Poverty and the State* (published in 1886) says, that to-day, in England, one-third of the annual earnings of the country is paid to the industrious wealth-producing class, and that the remaining two-thirds are paid to the unproductive class. He goes on to add that obviously this is unjust, but that we do not realise the full magnitude of the injustice until we understand that the one-third is divided amongst a very great number, and the two-thirds—the double share—amongst a select few.

In this Mr. Mills clearly is wrong. The fact that the two-thirds go to the smaller number of persons may heighten the sense of contrast, but it does not affect the question of justice the one way or the other. Certainly, to the individual wealth-producer the injustice is the same whether the result of his industry of which he is deprived is shared by one person or two. If I am knocked down on the high road and my purse is stolen the loss to me is the same whether the contents of the purse are taken by one thief or shared by a gang. Nor can it make any difference whatever to me in such a case to know that my purse has been secured by a robber who lived by robbery entirely and not by a number

of ordinarily diligent persons who had merely taken this peculiar method of adding to an otherwise honest livelihood.

It is just here that the strong justification for refusing to draw a distinction between the man who lives on interest entirely and the man who does productive work and lives on interest only partially, comes in. And depend upon it we shall make a great mistake if we allow ourselves to be misled into supposing that the magnitude of the evil is greater in proportion to the smallness of the numbers of those who live by usury. What really governs the magnitude of the injustice is the ratio of the amount abstracted from the producing class, no matter how it may be shared.

Still I must guard against being misunderstood. I must not be supposed to argue that the question of the numbers of those who derive income from usury is in itself unimportant. It is really very important. Though the extent of the injustice of usury does not depend on the number of those who live wholly or partially on interest but on the amount which is appropriated, the danger of the injustice growing, the danger of still more strenuous effort being made after this form of appropriation, and the danger of increased success in the oppression of the wealth-producers is bound to be greater in proportion to the increase in



the number of the usurers. The more numerous the class who yield to the temptation to usurious gain the more widespread and irradicable will be the predatory habit which usury fosters and the harder will be the lot of the producers.

*“Every day, of those who are harnessed to the car of national life and prosperity, one or another by dint of extra forethought, prudence, miserliness, cunning, or whatever it may be, gets an advantage over the rest, leaves them, jumps inside the car, and thenceforth, instead of drawing, is drawn. The end is only too obvious. It is a reductio ad absurdum of national life. It is breakdown, smash up—and the car left in the ditch.”*

So says Edward Carpenter in *England's Ideal*. And he gives us a fine simile well applied. Yet another economist (Mr. Rayment) puts the matter thus—and I commend his words of warning and admonition to the notice of the reader.

*“For a man to live upon interest, somebody must work to pay that interest; and if we increase the relative number of those who receive, we decrease the relative number of those who are called upon to pay; and if the increase on the one side and the decrease on the other be continued, there must come a time when those who are called upon to pay will be unable to comply with the demand. They may add to the*

*effectiveness of labour, they may work harder and harder, they may torture their brains until their senses reel, they may pinch their stomachs and deny themselves clothing, but they can only avert for a time the consequences which must sooner or later be realised."*

Herein, adds Mr. Rayment, is to be found the solution of the enigma, that while savings bank deposits are increasing, the sufferings of the poor are for ever growing keener. And here also is to be found a clue to our chronic insolvency and widespread depression. Again and again crash goes a big firm, crash go a dozen others, trade becomes paralysed, and whole armies of what were once industrious workers are driven from employment and left to struggle for existence—heaven alone knows how. And what is there beyond? Women are weeping over starving children, men are growing desperate, there is an ominous unrest among the masses, the ever-augmenting forces of discontent are gathering on all sides, and already are heard the mutterings which precede the fury of the storm. Injured humanity is not to be shoved off for ever with a cold and false philosophy or miserable almsgiving, and men in uniform may not always be persuaded to fire into their kith and kin at the bidding of a popinjay who bestrides a horse; and even if they were persuaded, it would not

relieve the bitter cry of the wretched, nor serve to avert the doom that is impending. The everlasting fitness of things hath declared that honesty is the best policy, but we madly challenge the Eternal—constitutions collapse and empires find their graves!

## CHAPTER XIV.

### ALLEVIATIONS AND REMEDIES.

They are slaves who fear to speak  
For the fallen and the weak ;  
They are slaves who will not choose  
Hatred, scoffing, and abuse,  
Rather than in silence shrink  
From the truth they needs must think.  
They are slaves who dare not be  
In the right with two or three.

—*J. R. Lowell.*

By thine own soul's law learn to live ;  
And, if men thwart thee, take no heed,  
And, if men hate thee, have no care.  
Sing thou thy song and do thy deed ;  
Hope thou thy hope and pray thy prayer,  
And claim no crown they will not give.  
—*John G. Whittier.*

But in the difficult art of government we do wrong to insist on being content with nothing short of perfection and finality ; if we see our way to the next step that is enough.—*John Morley.*

SOME years ago I published a little book on *Political Economy*. It was favoured with a very appreciative, and, on the whole, sympathetic review in a magazine which is devoted to an advanced school of religious thought. In the course of his review the writer made the following very suggestive observation

which seems to me to be applicable to our present inquiry.

The whole principle of Socialism may be said to be comprised in the commandment, "Thou shalt love thy neighbour as thyself." But there are millions of men who sincerely regard this commandment as of divine authority, who are nevertheless living every day in flagrant though ignorant disregard of it. The world needs to be made aware by a rigid, calm, scientific analysis how it is that men's individual acts combine and coalesce into gigantic social results, utterly unforeseen and unintended by those who produce them, but which may be immeasurably disastrous to their fellow-men. When this is done, and men see clearly that only society as a whole can grapple with these evils, social duty will stand on as firm a basis as individual duty does now.

These words of the reviewer were, I fancy, not a little provoked by a feeling on his part that I had in my work dealt rather too much in generalities, and had not pointed with sufficient precision to the causes of social evils and to practical remedies. Now I don't know whether, in connection with my present disquisition on usury, I shall meet with the admonition of this or any similarly friendly critic. But if I do it can hardly be on the ground of not pointing to the causes of the evil which has engaged my attention; it will rather be on the ground of the very limited space which I am about to devote to the question of remedies, and possibly the indefiniteness of what I shall have to say on that branch of the subject.

I have by reasoning which certainly is rigid and calm, and which, I trust, is quite scientific, shown how usury is the central and primal cause of our social and economic evils. I have shown that acts of usury practised by numerous individuals and groups of individuals combine and coalesce in producing certain gigantic results which have been immeasurably disastrous. Whilst I do not acquit the leaders of religious and economic thought of responsibility; whilst I charge the Churches with having failed to be true to their highest traditions and with not giving the best spiritual guidance in this matter, I am willing, as regards society at large, to believe that the results which I have indicated have been utterly unforeseen and unintended. If what I have to say on the question of remedies may be brief and indefinite I have, I think, adequate excuse. I feel that I perform a useful office when I point to evils the reality of which must, I think, be admitted. It may be unpleasant to be told that one is on the wrong road, but it is better to be told it than to be left in ignorance. Till we know that we are on the wrong road we are not likely to be in the way to get on the right one.

In all social reform the thing first needed is to spread knowledge as to the existence of the evil to be dealt with and to create in society the spirit which is favour-

able to right action. Such is the constitution of human nature that until this is done—until we have the “atmosphere” which is favourable to clear thinking and conducive to right action—the devising of remedies is generally difficult and often is impossible. Even if some individual in advance of his fellows may make suggestions as to remedies they can have only abstract value. The probability is, that long before the time comes when action is possible newer and better ones will command attention.

If we are sure of our principles and of the right next step in the application of them, let us have the faith and courage to take that step without paralysing and only half-sincere inquiry as to the indefinite future. As we proceed our course will become more clear. This surely was what Christ meant when He said, “He that doeth My will shall know of the doctrine.” Christ’s own *ideal* was high enough. “Be ye therefore perfect, even as your Father in heaven is perfect.” He could not have gone higher than that. But, nevertheless, He never made the mistake of expecting men to become angels all at once. *That* we may read in His infinite compassion for human infirmity.

Most of the mischief in our present practical politics, so-called, arises from the fact that men do not concern themselves to determine even the right-

ness of their principles. Their action proceeds by rule-of-thumb and blundering methods which have their chief motive power in views of personal interest. Their continual effort is to force forward interests, and where interests are conflicting, and principles do not rule, this can only be done on a basis of compromise in which the stronger interest always secures the larger advantage and the elementary rules of justice are respected no more than need be.

Under these circumstances—to come to the specific point—I do not feel called upon to offer any cut and dried proposals for the remodelling of society on a system which will exclude every form of usury, open and disguised. But there are a few things which I am bound to say on this branch of the subject.

The duty in this matter is both individual and social. There are few men of those who are in a position to save and invest or conduct industrial and commercial enterprises who cannot mitigate the evil in some degree by their own practice. On the other hand, some forms of the evil can only be grappled with by society as a whole.

How far it is possible for individuals to escape from the wire entanglements of law and custom in this matter each must judge for himself. I know the difficulty of any man rising utterly superior to the social and economic conditions of his age. The



Rev. R. J. Campbell may tell us that we are all potential Christs. Potential perhaps. But in reality we are as yet poor feeble creatures whose lives are ruled by compromise. We love comfort and do not covet the martyr's crown. What our whole duty as individuals in the matter of interest is we can have no difficulty, however, in knowing. If we do not believe in the justice of it our duty is not to take it; if conditions which we have not created, but which others may have prescribed, result in interest accruing to us our duty is to forthwith apply it as far as is humanly possible to the benefit of those whose labour makes it; and if the individual producers of this wealth are unknown—which is not likely—or cannot well be reached—which is conceivable—our duty is to apply it for the benefit of their class if we can, or, if we cannot, for the benefit of society at large.

This is the individual duty, which may clearly be discerned. When we come to the consideration of social duty, when we ask what part we have to play towards making social duty stand on as firm a basis as individual duty does, our task is not easy. On this head, asking no more from those to whom I appeal than in their weakness they can give—leaving them, without bitterness of censure, to exercise their consciences as they best can—I do make one simple and practical positive recommendation. It is that in so

far as it is recognised that what I have been saying—still more what I have been suggesting, for I have not been able to express my whole thought—is right, those who listen to me will at least help forward all intelligently devised social and economic arrangements which rest on a co-operative and a collectivist basis, so that, as far as possible, the fruits of industry may be more and more equitably—I do not say equally—distributed, and that thus all increases which we recognise as interest, or which are the equivalent of interest, though known sometimes under other names, for example, as rent and sometimes as profit, may be shared as widely as possible.

It may be that it is in the direction of Co-operation and Collectivism in industry that ultimately society will escape from its present economic shackles. Indeed I can have little doubt that it must be so if those shackles are to be escaped from. And it will be round this question of interest that the battle must ultimately be fought. Sooner or later it will be seen that this question lies at the very centre of our economic problems, or is, as an American might prefer to say, pivotal.

The more I study the subject the more clearly do I see that the sanctioning of usury spells Individualism; and the condemnation of interest spells Collectivism; the contest between Collectivism and

Individualism will be simplified when there is more general recognition of the evil of private appropriation of wealth apart from the exercise of proportionate labour by the appropriators.

On this point let me add one thought. I like to think with Emerson that the law of compensation is universal. The evils of our age in this matter of usury are tremendous. Yet I fain would hope that they are being divinely overruled for good, that while human acquisitiveness and cupidity have been organising industry on a vast scale, with marvellous elaboration, intricacy, and concentration, all this has been but part of a process of preparation; that the education of humanity thus obtained has itself made successful Collectivism possible—that at least it has given us the machinery which, under the new and higher moral and spiritual ideals, will be of greatest human service.

These are general suggestions which may at any rate give direction to our thoughts whilst we are in the search for remedies.

Some economists who have considered this question have written and spoken as though they believed that a short cut to the complete solution of the evil is to be found in the collective ownership of land, in the nationalisation of the land. I have met with this suggestion in various forms. It was very much

pressed forward by a German writer, Mr. Michael Flürscheim, who described rent as "the father of interest," and by the Australian writer, whom I have mentioned already, Mr. Rayment, who spoke of the landowner as "the sleeping partner of the money-lender." I have not been able to follow these writers to the full in their conclusions. I think, however, that there cannot be the least doubt that private land-owning is of all the agencies of usury quite the most potent, and that an immense advance in social amelioration must result when all unearned increments of land value cease to be privately appropriated, be the tenure and the form of nominal ownership in the future what they may.

Not less strong is my conviction that since all usurious gains as I have defined them, whether from land or any other source, are in their essence unjust and anti-social, it is both right and expedient that taxation should be concentrated upon them more and more pending the time, which may reasonably be hoped for but may be long of attainment, when the instruments of production and distribution will be in Collective ownership.

Yet another aspect of the question of remedies I will refer to. It was from a recognition of the evils of usury, even in its simplest forms, that Plato, in *The Republic*, proposed that debts should not be

recoverable at law. This principle of legislation we so far defy that, with our elaborate machinery of county and other courts for protecting usurers and creditors of every kind, we may well be said to have a system not only of State legalised, but of State patronised and promoted usury. It is a matter deserving consideration whether all such legislation as this does not rest very largely on a wrong basis, whether the social advantages would not be greater than the disadvantages if we acted on the lines of Plato.

## CHAPTER XV.

### FINAL WORDS.

In the spirit's perfect air,  
In the passions tame and kind,  
Innocence from selfish care,  
The true Eden shall we find.

—*Charles Emerson.*

These things—they are not dreams—shall be  
For happier men when we are gone;  
Those golden days for them shall dawn,  
Transcending aught we gaze upon.

—*J. Addington Symonds.*

Instead of the thorn shall come up the fir tree, and instead of the briar shall come up the myrtle tree. And they shall build houses and inhabit them; and they shall plant vineyards and eat the fruit of them. They shall not build and another inhabit; they shall not plant and another eat.—*Isaiah.*

I do not know whether it will be expected of me that having made reference to the subject of remedies and alleviations of the evil of usury I should also speak of specific difficulties which stand in the way of reform, apart from those difficulties which are created by individual cupidity and ignorance. My object has been to write a treatise, not a ponderous

volume—for I am convinced that in dealing with any branch of economics the chances of securing public attention are enhanced by a wise brevity. Hence there are many branches of the question of usury that I have either left without mention or mentioned only in a casual way. But as regards specific difficulties in the path of reform there is one at least to which I ought to allude.

It is popularly supposed that without a system of loans at interest the carrying out of public works would be so seriously hindered that in many cases such works could not even be projected.

When I consider the way in which communities have been burdened with national and local debts I have sometimes thought that even where the objects for which the debts have been contracted have been good in themselves their advantages have been very largely counteracted by the harm done through their being carried out under usurious conditions. And I have, moreover, often been led to conclude that in many cases the true public value of works apparently desirable has been carelessly estimated or unduly appraised because of the fact that the burden of the cost was not to be borne when the works were made, but was to be spread over a period of years, and probably passed on to other people than those who determined the beginning of the enterprise. The

fact that you have to pay for a thing when you get it is a very wholesome check on folly in public life as well as in private life, and the demoralising effects of facilities for going into debt are perhaps even greater in public than in private affairs. Certainly the disposition to give financial credit to a public body which can offer the assets of the whole community as security for repayment is almost unbounded; and this in itself increases the temptation to unwise expenditure.

Still, I admit that cases are conceivable in which the carrying out of public works on a basis of public credit is convenient and even desirable. But I do not see why if the credit is good and the works are approved by the community itself insuperable difficulty need arise.

To those who believe that we could not get any great works accomplished without usury Mr. Herbert V. Mills in *Poverty and the State* commends the way in which General Le Brock built the meat market of Guernsey. The States of Guernsey, having determined to build a meat market, voted £4,000 to defray the cost, or rather they voted that the honour and credit of the States should be surety for the payment of that amount.

The money in cash was not available, but instead of borrowing the money needed at five per cent.



interest the Governor issued 4,000 cardboard tokens, on which were inscribed "Guernsey Meat Market Notes." These tokens represented £1 each, and were legal currency in Guernsey by universal assent. With these notes the States paid the contractor; and with them he paid his workmen, and all who supplied him with materials. The tokens were freely taken by tradesmen for goods, by landlords for rent, and by the authorities for rates and taxes. In due time the market was completed. The butchers' stalls, with some public rooms constructed over them, were let for an annual rent of £400, which was to be paid in gold.

At the expiration of the first year of the tenancy the States called in the first batch of the notes, numbered 1 to 400, and with the £400 of real money received for rent, redeemed and extinguished the proportionate amount of tokens. At the end of ten years all the notes were in this way redeemed. Thus Guernsey got its market-house. Not a penny of interest was paid; no injury was done to anybody.

This is one historical example of the way in which public works may be executed on credit and without usury. It is an example which is worth the thoughtful attention of the student. But I am not disposed to magnify its importance. My belief is that in

general an orderly and industrious community would never find practical difficulty in carrying out really necessary works, which the common sense of the community approved, without resort even to an expedient of this kind, however justifiable such an expedient might be in exceptional cases.

I have but little to add. I have tried to carry out this inquiry in a scientific manner throughout. The merits of my arguments may be the subject of controversy on grounds of evidence and reason, but I do not apprehend that it will be charged against them that they are the arguments of a frenzied or visionary sentimentalist. If whilst I have been devoted to this inquiry I have at any time seen visions and dreamed dreams I have not intruded them into my work. Moreover, I have eschewed rhetoric, though the temptation to rhetoric in dealing with problems of this kind is great—whether it be in assailing the rich, or in bewailing the lot of the poor.

In bringing this treatise to a close I shall not depart from the spirit of my work. I shall make no rhetorical comment or appeal even now. I will just say as I lay down my pen that if ever I was impelled in the course of my work to assail the rich at all I am not so tempted now when I can survey somewhat completely the field

over which I have travelled. Why should I assail the rich? Why should I not pity the rich—pity them where they are ignorant of the oppression of which they so often are the instruments, pity them still more where they are conscious of that oppression and by continuance in evil-doing confirm themselves in avarice, cruelty, and insensibility?

“How hardly shall they that have riches enter the Kingdom of Heaven!” Yes, but how hardly shall they that have riches enter into the pure joys of earth—live a true, full, and human life? Listen to these words of a writer with whom I am in entire sympathy (Mr. L. G. Chiozza-Money):

Carnegie is passing rich, but he cannot, any more than I can, travel between, say, King’s Cross and Fleet Street, without meeting so much that is ugly, so much that is sordid, so much that is inconvenient, that comfort and peace of mind are only to be found by closing all the avenues of the brain. The rich and cultured man may, by aid of many hands, build a retired nook where beauty dwells, but, unless he stay within it, he will find an unhappiness directly proportional to his culture. The greater his love of beauty, the more he will shrink from the heterogeneous vertical strips and the amorphous red blocks with which capital is building a new London. The greater his love of humanity, the greater his pain to see the daily crucifixion of the poor. There may be happy rich men, but if there are it is because they have not found the madness which comes of thought—because they have retired into a false world of their own creation, in which poverty is unknown.

Precisely so. Why then assail the rich? Why *not* pity the rich? I do pity them—as I pity the poor. Nay, I pity them more than I pity the poor. Of them to whom much is given much shall be required. The compensations of the universe are absolute, and very sure.

Whether the time of their deliverance from the ignorance, selfishness, and narrowness of their lives is near at hand I do not know. My hopes, however, are great; my faith unbounded. I believe that whether the time is at hand or distant, come it must, as surely as there is a divinely appointed end to be attained in Humanity. Frances Brown, listening for the answer to the question “Watchman, what of the Night?” records the sad reply :

“ The days of the nations bear no trace  
 Of all the sunshine so far foretold ;  
 The cannon speaks in the teacher’s place—  
 The age is weary with work and gold,  
 And high hopes wither, and memories wane :  
 On hearths and altars the fires are dead ;  
 But that brave faith hath not lived in vain.”  
 And this is all our watcher said.

No. It is not wholly so. The cannon does *not* speak in the teacher’s place. The teacher speaks as well as the cannon. And the weariness of the age is the measure of the consciousness that it is not in work and gold—in work for gold—that life consists. The

weariness of the age creates the teacher's opportunity. For this reason we must be up and doing. A call goes forth to the pioneers of the New Era.

We are they who will not falter—  
Many swords or few—  
Till we make this Earth the Altar  
Of a worship new;  
We are they who will not take  
From palace, priest, or code,  
A meaner Law than "Brotherhood"—  
A lower Lord than God.

The day is short and the work is great ; the reward also is great, and the master presses. It is not incumbent on thee to complete the work, but thou must not therefore cease from it.—*The Talmud*.

# THE LIVING WAGE:

A STUDY IN SOCIAL ECONOMY





# THE LIVING WAGE:

## A STUDY IN SOCIAL ECONOMY.

Remember, gentlemen,  
We all are servants of one Master, Christ;  
Bound by one law, redeemed by one love,  
And every brow sealed with the selfsame print  
Of blessed brotherhood. It matters not  
How wide soever we may stand removed  
In ranks, or wealth, or might, if but our hearts  
Are all attuned to one clear harmony;  
It matters little how we may be disjoined  
In outward strategy, if but our souls  
Are urged by one great motion to one end.

—Hayes.

Creeds and confessions? High Church or the Low?

I cannot say; but you would vastly please us  
If with some pointed Scripture you could show  
To which of these belonged the Saviour Jesus.  
I think to all or none: not curious creeds  
Or ordered forms of churchly rule he taught,  
But soul of love that blossomed into deeds  
With human good and human blessing fraught.  
On me nor priest, nor presbyter, nor pope,  
Bishop nor dean, may stamp a party name;  
But Jesus with his largely human scope  
The service of my human life may claim.  
Let prideful priests do battle about creeds,  
The church is mine that does most Christ-like deeds.

—John Stuart Blackie.

IN the Parable of the labourers in the vineyard  
(Matt. xx. 1-16) we have the account of a number of

men, all equally willing to work from the beginning of the day, but not all equally favoured by opportunity. Some were hired early, some late, and to all an equal wage was paid. The explanation which those hired late gave of their apparently idle condition was, "No man hath hired us."

The Parable has, of course, a spiritual meaning, and of that meaning I shall say a word or two; but the principal object of this paper is to direct attention to the economic and social meaning. When we perceive what that is we shall have little difficulty in also perceiving what the spiritual meaning is.

The economic meaning centres in the very remarkable fact that this Lord of the Vineyard—the type of the Lord of that greater Vineyard in which the fruit is the souls of men—paid his labourers equally, although their services were disproportionate. "He paid unto every man a penny."

To appreciate this very peculiar method of proceeding, we must first especially consider the case of the men hired early in the day. With these men a certain contract was made. "When he had agreed with the labourers for a penny a day, he sent them into his vineyard." In passing it may be observed that there is no reason to suppose otherwise than that a penny a day was the current or customary wage.

Those who take the view that the Lord of the

Vineyard dealt unjustly with a portion of his labourers should observe that if he had been disposed to act unjustly the circumstances were very favourable for him to do so. There were more men in the market seeking to be hired at the beginning of the day than he then wanted. Therefore, if instead of being a model employer the Lord of the Vineyard had been an exploiter of labour, it would have been easy for him to have availed himself of the well-known law that it is the competition of labourers for employment which fixes the price of labour. He could easily have run down the price. There were not even trade unions in those days to hinder him. He could have played one man off against another, offering the work first to those who would do it most cheaply. Thus he might have set up a standard of wages favourable to himself. Then, when the day's work was over, and he had to pay the whole of the men their wages, he could have followed the conventional, and what the world would call the common-sense, course, which the law would have sanctioned. He could have paid the men according to the ratio of hours worked. In that case he would have made the sum agreed upon for the whole day the criterion by which to estimate the wages that should be paid to the men who had worked for only fractions of the day. Thus he would have reduced

his wage bill very materially. This, however, is just what he did not do.

The course which he adopted was to pay the men according to the standard of their necessities and of his own ability to pay. Some time since, at a meeting of the London County Council, there was a discussion as to the living wage. It was remarked that one of the men employed by the Council had a wooden leg. "Would you," asked one of the councillors, "pay that man the living wage, as you call it?" "Yes," said the person addressed, "for though the man has a wooden leg, he has not a wooden stomach." That was just the way of looking at things which the Lord of the Vineyard adopted. Of the two courses which were open to him, he took the course that was the more generous. He paid according to the standard of the men's necessities, and of his own ability.

These two factors must be linked together. The necessities of the men would not in themselves have required the Lord of the Vineyard to pay a full day's wage had there not been on his part ability to pay in that manner. Justice requires that the stipulated wage shall be paid in all cases, but the payment of a wage which is beyond what has been directly or by implication agreed upon is a question of generosity, not of justice. I want you, therefore, to recognise

that whilst the Lord of the Vineyard was just towards the labourers hired early in the day, he was generous towards those hired late in the day. It is the presence of this element of humanity, of brotherhood, in his dealings which constitutes the charm of the story. And it is in this element the moral of the story lies.

The Lord of the Vineyard was an economic and social pioneer. What the other lords of vineyards thought of him we are not told. Probably they would regard him as a blackleg amongst vinegrowers. If in those days there had been a federation of vinegrowers, as in these days there are federations of coal-owners or of shipowners, they would no doubt have unanimously condemned him for his disloyal conduct towards the capitalist interest.

Such a man was bound to be misunderstood. Strange to say, even the labourers themselves grumbled—those of them who were hired early in the day. And yet it is not strange. It is, alas, too true that most great reforms are initiated by men of a class above those for whom those reforms are intended, and are almost invariably misunderstood at first by those very people whose interests are being promoted. If the labourers hired early in the day had had the benefit of a close study of modern teachers like, say, Carlyle or Ruskin, they would have rejoiced at the generous treatment accorded to their

brother labourers. They would have hailed the Lord of the Vineyard as an ideal employer. Instead of that they grumbled. Half in pity, half in anger, the Lord of the Vineyard replies: "Friend, I do thee no wrong: didst not thou agree with me for a penny. Take up that which is thine, and go thy way; it is my will to give unto this last even as unto thee. Is it not lawful for me to do what I will with mine own? Or is thine eye evil because I am good?" This reply, apparently harsh, was the only reply that could be made to such men, the only reply at all likely to reach their intelligence.

I said that I would refer to the spiritual meaning of this Parable. Is it not now obvious? God calls men to work in His vineyard as He has need, and He is ever ready to give them a full measure of reward not according to the actual service rendered—least of all according to human estimates of that service—but according to the spirit of it, and according to the true requirements of those by whom it is rendered.

This, I say, is the spiritual meaning of the Parable. But I may not dwell on this; it is apart from my present object, which is to explain and enforce the economic and social meaning. And even as regards the economic and social features of the Parable there are many points which I cannot here expatiate upon. I might, if the limits of my available space allowed,

show, for example, what reward those labourers who were hired early in the day had which was not possessed by the labourers hired at later periods. Useful work is better than enforced indolence. And it is a privilege to be chosen early when it is the Lord himself of the Vineyard who makes the call. These are important elements in any discussion of the problem now before us—a problem wherein, of necessity, abstract questions of justice must arise. I repeat, however, that I cannot here discuss them at length. I want to say a few words as to the principles of action which governed the Lord of the Vineyard in his conduct, and which should govern us in our study of the relationships of capital and labour.

Our accepted political economy is still far from having come up to the standard which the Lord of the Vineyard adopted. Many years ago Carlyle wrote :

Our political economists should collect facts, such as what is the lowest sum a man can live on in various countries? What is the highest he gets to live on? How many people work with their hands? How many with their heads? How many not at all? and innumerable such. What all want to know is the condition of our fellow-men, and strange to say it is the thing least of all understood, or to be understood, as matters go. The present science of political economy requires far less intellect than successful bellows-mending; and perhaps does less good if we deduct all the evil it brings us. Though young, it already carries marks of decrepitude. A speedy and soft death to it!

Threatened men live long, and so do threatened systems of thought and belief. This political economy, which has had the marks of decrepitude from its youth, and which may now be called old, has still all the wizard's power to perplex and mislead simple minds. This, in my opinion, arises from a neglect of some of the most elementary principles of Christian doctrine and social science.

Eighteen hundred and more years ago, the Galilean prophet who told this Parable of the Lord of the Vineyard informed an evil and perverse generation that the whole law and the prophets hang on the simple precept, "Thou shalt love the Lord thy God with all thy heart, and thy neighbour as thyself." What was the philosophic and scientific basis of this declaration? The law and the prophets hang on the precept of love to God and to man, because of the homogeneity—the essential unity of things. God made all things, and in all God's creation the great unifying power is love. It is love which, descending from the highest to the lowest and ascending from the lowest to the highest, is the essential principle of life and activity in every plane of existence—spiritual, moral, and material. *God is love.* Departure from love involves disorder or loss of life—withdrawal from God. Perfect life is perfect unity, perfect love. Love is the fulfilling of the law in every individual and societary sense.



This truth was well expressed by the divine Dante. In *De Monarchia*, and again in *Il Convito*, Dante wrote :

God is One ; the universe is a thought of God ; all things spring from God ; they participate in the divine nature more or less according to the end for which they are created, and tend towards that amount of perfectibility of which they are susceptible. . . . The noblest of created things is man. God has given to man more of His own nature than to the others. The capacity of perfectibility is indefinite in man. . . . Hence there must be a single aim for all men, a work to be achieved by all. The human race must work in unity, so that all the intellectual forces diffused among men may attain the highest possible development in the sphere of thought and action.

These are elementary truths which we must grasp, otherwise progress in a true science of human economy is impossible. Notwithstanding all our so-called religious and political progress, very crude ideas as yet prevail both in religious and political circles as to the relations of Society towards the Individual and of the Individual towards Society. These crude ideas arise mainly from the incapacity of most men to realise that homogeneity of the human family upon which Dante so beautifully expatiates, and which was present to Christ's mind when He declared that "The whole law and the prophets"—which means every precept and obligation pertaining to the conduct of men, individually and collectively—hang upon love to God and the

neighbour. That the power of Society to progress is governed by the condition, good or bad, of the individual, and that the power of the individual to progress is in like manner governed by the condition, good or bad, of Society; that we are all members of one body; that if one member suffers all suffer with it—whether consciously or unconsciously—whether in obvious negation of life, or in negation of life which is not obvious—these things are amongst the grandest truths set forth in the Christian system. Yet they are truths which very few of us really understand. Only in proportion as they are considered and understood will there be the slightest possibility of forming right views as to our social, economic, and political conditions. Only in proportion as they are considered and understood shall we be able to realise that after all a country is not wealthy because it is rich, nor great because it is not devoid of great men; that a true progress of Society is not and never can be a sectional or partial progress, that it must be a progress of the mass—universally consentaneous—related to a common, religious, and moral appreciation of the inter-dependence of classes and to a common desire that all shall be raised; not only so, but that the process of social elevation involves a continual lifting up of those who are at the very bottom—a work which demands the intensest spirit of love. For it

cannot be undertaken successfully if there be envy, malice, and uncharitableness, plus ignorance, on the part of those who are at the bottom, and fear, distrust, and selfishness, plus ignorance, on the part of those who are at the top.

There is a close analogy between the human body and human society—the body-politic. In the human body each organ, muscle, fibre, or cell has its appropriate location. But the law of their health is one of mutual service. The eminent life, or excellency of life, of every member, of every organ and of every part of our bodies consists in this—that nothing is proper to any of them unless it be in common. In man there is no member nor any part of a member which does not derive its necessities, its nourishment, its delights from what is common or general, for in the body what is common or general provides for particular things according to their use. In short, physical health is conditioned by honouring the least as well as the vital parts. Social health is conditioned by the practical recognition of the same law between man and man. We must secure the common profit, and acknowledge the fraternity of feet and head, hand and heart, and of the all-compassing skin. Undue repletion in any part of the body brings about inflammation and disorders the entire physical organism. In like manner the creating of trade monopolies, and the

accumulation of wealth in the hands of a few, disorder the entire social organism.

Disregard of human rights, of the law of fraternity, of that just equity which would secure to every man the means and opportunities of developing his best is the prolific source of our social evils. To make men feel the want of a higher order of life—to make them sensible of their true needs as men, and to provide them with a standard of public health as beautiful and as scientific as any standard of private and individual health which the College of Physicians has ever set up, is certainly the primary object of a wise system of political economy. Therefore, as I have before observed, our first business must be to proclaim persistently that doctrine of the homogeneity of Society to which I have referred.

May we do our best to perform some service, however little, in this direction. May we help to invest with reality the words of the poet :

Again the Christ is coming.  
Hear ye not the footsteps of the Lord?  
He comes, the Leader of a riper age,  
When all that is not good and true shall die;  
When all that's bad in custom, false in creed,  
And all that makes the boor and mars the man  
Shall pass away for ever. Yes, He comes,  
To give the world a passion for the truth,  
To inspire us with a holy human love;  
To make us sure that ere a man  
Can be a saint, he first must *be* a man.





10

**University of Toronto  
Library**

---

**DO NOT  
REMOVE  
THE  
CARD  
FROM  
THIS  
POCKET**

---

**Acme Library Card Pocket  
Under Pat. "Ref. Index File"  
Made by LIBRARY BUREAU**

